



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

MANAGEMENT AUDIT

TUITION AND FEE WAIVERS

APRIL 1998

WILLIAM G. HOLLAND

AUDITOR GENERAL

*To the Legislative Audit Commission, the Speaker
and Minority Leader of the House of
Representatives, the President and Minority
Leader of the Senate, the members of the General
Assembly, and the Governor:*

This is our report of the Management Audit of Tuition and Fee Waivers. The audit was conducted pursuant to Legislative Audit Commission Resolution Number 108, which was adopted July 25, 1996.

This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit report is transmitted in conformance with Section 3-14 of the Illinois State Auditing Act.



WILLIAM G. HOLLAND
Auditor General

Springfield, Illinois
April 1998

REPORT DIGEST

Management Audit TUITION AND FEE WAIVERS

Released: April 1998



State of Illinois
Office of the Auditor General

WILLIAM G. HOLLAND
Auditor General

Iles Park Plaza
740 East Ash Street
Springfield, IL 62703
(217) 782-6046
TDD: (217) 524-4646

SYNOPSIS

LEGISLATIVE AUDIT COMMISSION RESOLUTION 108

LAC Resolution Number 108 directed the Auditor General to conduct a management audit of tuition and fee waivers granted to students attending the State's public universities.

Tuition revenue in fiscal year 1996 for the State's nine universities was \$507 million, of which \$117 million (23 percent) was waived. The total number of waivers was 40,752. In addition, universities waived almost \$5 million in fees.

- Of the \$117 million in tuition waived, \$106 million (91 percent) was granted at the discretion of the individual universities ("institutional waivers") and \$11 million (9 percent) was for programs established by law ("statutory waivers").
- Eighty percent of the \$117 million in tuition waived was for graduate students. Universities gave \$94 million in graduate tuition waivers and collected \$71 million in graduate tuition revenue.
- Statewide guidelines for awarding waivers were minimal. While undergraduate institutional waivers were generally limited to a percentage of undergraduate tuition set by IBHE, no policy or dollar limit existed on graduate waivers.
- Our random sample of tuition waivers showed that the administration of waivers was decentralized and guided by few written policies. Not all statutory waivers complied with applicable law and critical documents were missing in 25 percent of the institutional waivers tested.

Although State universities waived more than one-fifth of total tuition revenue during fiscal year 1996, no formal study of the impact of tuition waivers on tuition costs has been made. Responses to our survey of public universities and IBHE differed on the effect that reducing or eliminating tuition waivers could have on tuition rates for paying students.

The audit makes ten recommendations to improve the awarding, management, and reporting of waivers.

REPORT CONCLUSIONS

State universities granted 40,752 waivers worth \$117 million in fiscal year 1996.

The nine State universities waived over one-fifth (23 percent) of all tuition charges in fiscal year 1996 (see Digest Exhibit 1). Total tuition charges were approximately \$507 million, of which \$117 million was waived resulting in \$390 million in tuition revenue. The total number of waivers granted in fiscal year 1996 was 40,752. In addition, universities waived almost \$5 million in fees.

Digest Exhibit 1							
TUITION WAIVED BY UNIVERSITY							
Fiscal Year 1996							
UNIVERSITY	GRADUATE		UNDERGRADUATE		TOTAL		
	Tuition Waived	% Waived	Tuition Waived	% Waived	Tuition Revenue	Tuition Waived	% Waived
Chicago State *	\$233,220	8%	\$588,292	5%	\$13,753,900	\$821,512	6%
Eastern	\$1,057,067	43%	\$1,358,630	7%	\$19,844,100	\$2,415,697	11%
Governors State	\$336,776	10%	\$111,965	2%	\$7,566,400	\$448,741	6%
Illinois State	\$2,686,646	63%	\$2,539,070	6%	\$39,632,100	\$5,225,716	12%
Northeastern *	\$921,800	27%	\$541,400	4%	\$14,332,000	\$1,463,200	9%
Northern	\$4,573,895	49%	\$3,318,372	9%	\$40,344,800	\$7,892,267	16%
SIU-Carbondale	\$7,712,385	60%	\$2,656,162	7%	\$42,040,800	\$10,368,547	20%
SIU-Edwardsville	\$2,396,784	41%	\$793,840	5%	\$19,056,200	\$3,190,624	14%
U of I - Chicago	\$19,771,212	46%	\$2,005,333	5%	\$64,411,200	\$21,776,545	25%
U of I - Springfield	\$349,225	14%	\$204,434	5%	\$5,880,300	\$553,659	9%
U of I - Urbana	\$52,285,962	74%	\$7,740,500	8%	\$103,891,000	\$60,026,462	37%
Western	\$1,611,350	40%	\$1,131,657	6%	\$19,689,100	\$2,743,007	12%
TOTAL	\$93,936,322	57%	\$22,989,655	7%	\$390,441,900	\$116,925,977	23%

* Note 1: Total tuition waived includes data submitted by universities to IBHE which differed from figures submitted to OAG. Total tuition waived based on data submitted by universities to OAG was \$116,836,032.
 Note 2: For accounting purposes, percent waived is calculated by dividing tuition waived by the sum of tuition revenue plus tuition waived.
 SOURCE: Tuition revenue data is from IBHE, tuition waived is university data submitted to OAG.

State universities' internal and external accounting for the dollar amount and number of tuition and fee waivers was inconsistent and contained errors. Figures reported by universities to the Illinois Board of Higher Education (IBHE) in its waiver report form differed from those reported for the audit. In addition, universities had difficulty providing us with documentation to support their waiver data. Among universities, criteria for categorizing waiver programs differed, cut-off dates for reporting waivers by fiscal year varied, and methods for determining the number of waivers were not uniform.

We recommended that IBHE establish consistent and uniform methods for universities to report tuition and fee waivers. We also recommended that universities keep accurate information on each waiver program. (See report pages 9-20.)

TYPES OF WAIVERS

Of the \$117 million in tuition waived, approximately \$106 million (91 percent) was granted at the discretion of the individual universities ("institutional waivers") and \$11 million (9 percent) was for programs established by law ("statutory waivers"), as shown in Digest Exhibit 2.

Graduate waivers were \$94 million while graduate tuition revenue was \$71 million.

Universities granted \$94 million (80 percent of the total \$117 million waived) in graduate tuition waivers while collecting \$71 million in graduate tuition revenue in fiscal year 1996. The amount of graduate waivers is not limited by State law or policy.

Digest Exhibit 2
TUITION WAIVED BY YEAR IN SCHOOL
Fiscal Year 1996

	Statutory	Institutional	Total
Undergraduate	\$9,303,170	\$13,686,485	\$22,989,655
Graduate	\$1,352,496	\$92,583,826	\$93,936,322
TOTAL	\$10,655,666	\$106,270,311	\$116,925,977

See Note 1 in Digest Exhibit 1.
SOURCE: Universities' data summarized by OAG.

Digest Exhibit 3 shows the programs that waived the most tuition. (Report pages 9-11.)

Digest Exhibit 3
PROGRAMS THAT WAIVED MOST TUITION
Graduate and Undergraduate Combined
Fiscal Year 1996

Program	Amount Waived	Percent Of Amount Waived	Number Waived	Percent Of Number Waived
Graduate Assistantships	\$75,550,353	64.7%	15,000	36.8%
Graduate College Waivers	\$7,491,239	6.4%	1,444	3.5%
Athletic	\$5,445,241	4.7%	1,852	4.5%
Academic	\$4,728,196	4.0%	3,567	8.8%
General Assembly	\$4,505,613	3.9%	1,702	4.2%
Faculty/Administrators	\$2,413,043	2.1%	1,913	4.7%
Cooperating Teachers	\$1,771,828	1.5%	3,671	9.0%
Support Staff (Civil Service)	\$1,756,808	1.5%	2,399	5.9%
Veterans' Children	\$1,651,726	1.4%	482	1.2%
Special Education	\$1,455,695	1.2%	685	1.7%
Children of Employees	\$1,412,434	1.2%	1,320	3.2%
ROTC	\$1,412,162	1.2%	787	1.9%
Out-of-State	\$1,374,478	1.2%	853	2.1%
Other – Talent	\$1,270,891	1.1%	837	2.1%
Remaining Programs	\$6,210,257	5.3%	4,240	10.4%
Adjustments*	(\$1,613,932)	(1.4%)	0	0
TOTAL	\$116,836,032	100%	40,752	100%

* Adjustments were made to the amount waived to eliminate double counting and timing differences in reporting waiver amounts.
SOURCE: State universities' data summarized by OAG.

INSTITUTIONAL WAIVERS

Institutional waivers included graduate assistants, athletic, academic, faculty and civil service waivers. Undergraduate institutional waivers were generally limited to a percentage of undergraduate tuition, as established by IBHE policy.

- **Few selection criteria for awarding waivers existed.**
- **Evaluation records were incomplete.**

State universities' management of institutional waivers was decentralized and often delegated to individual academic departments without specific guidelines or criteria. One-fourth of the institutional waivers in our random sample lacked complete records of the award process (see Digest Exhibit 4). Missing documents included applications, selection criteria and decision records.

We recommended that universities establish adequate controls over institutional tuition waivers, including creating written eligibility and selection criteria, and maintaining complete selection records. (Report pages 39-50.)

Digest Exhibit 4		
MISSING RECORDS		
INSTITUTIONAL WAIVERS SAMPLED		
Graduate and Undergraduate Combined		
University	Waivers Missing At Least One Record	
Chicago State	36	41%
Eastern	12	13%
Governors State	13	16%
Illinois State	30	32%
Northeastern	40	43%
Northern	13	14%
SIU–Carbondale	24	26%
SIU–Edwardsville	11	12%
U of I – Chicago	67	71%
U of I – Springfield	1	1%
U of I – Urbana*	4	4%
Western	17	18%
TOTAL/Average %	268	25%
SOURCE: OAG random sample of university tuition waiver records.		

STATUTORY WAIVERS

Statutory waivers, which accounted for \$11 million or 9 percent of tuition waivers in fiscal year 1996, included Reserve Officer’s Training Corps (ROTC), Children of Employees, General Assembly, Child of a Veteran, Department of Children and Family Services (DCFS), Senior Citizens, and Teachers/Special Education programs.

Some statutory waivers were not granted in accordance with applicable State law. For instance, universities exceeded the maximum number of ROTC waivers authorized by statute, some tuition waivers were granted to children of employees who had not been employed by the university for the minimum number of years specified by law, and some recipients of General Assembly waivers had addresses outside the awarding legislator’s district.

We recommended that universities comply with applicable statutes, as well as maintain complete selection records on each individual awarded a statutory tuition waiver. (Report pages 21-38.)

CONTROLS

Overall, there were few Statewide requirements and controls over the types and amounts of tuition waivers that State universities could grant and over the administration of these programs. Consequently, many inconsistencies and variations in waiver programs were found.

We recommended that each university establish a comprehensive tuition and fee waiver policy and that the IBHE assist in coordinating the development of these policies to ensure consistency among State universities. We also offered a Matter for Consideration by the General Assembly that it may wish to establish a Statewide tuition and fee waiver policy to address such issues as waiver limits, record-keeping, management controls, and reporting requirements. (Report pages 61-79.)

IMPACT OF WAIVERS

From 1990 to 1996, the amount of tuition waived by State universities increased 27 percent for undergraduates and 74 percent for graduate students. Tuition charges increased at a higher rate (42 percent for

-
- The audit reported:**
- **Non-compliance**
 - **Incomplete records**
 - **No information on rejected applicants**
 - **Control weaknesses**
 - **Waivers not audited**
-

undergraduates and 35 percent for graduate students) than the Higher Education Price Index (which increased 23 percent).

Although State universities waived more than one-fifth of total tuition revenue during fiscal year 1996, no formal study of the impact of tuition waivers on tuition costs has been made. We surveyed IBHE and the State's universities to determine the impact of tuition waivers on tuition rates for paying students. Several universities indicated that tuition waivers have little or no effect on tuition rates, although the IBHE and one university stated that tuition rates could be lowered if tuition waivers were eliminated and other factors, such as attendance, remained unchanged.

The audit offered a Matter for Consideration by the General Assembly that it may wish to consider requiring public universities to report annually on the need and purpose of each waiver program, eligibility and selection criteria, cost and any benefits resulting from the program. (Report pages 51-59.)

RECOMMENDATIONS

Universities and agencies generally agreed with the audit's recommendations.

The audit report includes ten recommendations to State universities, the IBHE, the State Board of Education, and the Department of Children and Family Services to improve the awarding, management and reporting of tuition waivers. The universities and agencies generally concurred with the recommendations. Their responses are excerpted in the report and reproduced in their entirety in Appendix K.

This report is accompanied by a Supplement which contains more detailed information pertaining to each individual State university.



WILLIAM G. HOLLAND
Auditor General

April 1998

TABLE OF CONTENTS

CHAPTER	SECTION	PAGE
	Auditor General's Transmittal Letter	
	Report Digest	
	Glossary	
Chapter 1		
INTRODUCTION	Report Conclusions	1
	Tuition Waiver Programs	2
	Illinois Board of Higher Education	2
	Tuition Rate	3
	Tuition and Fee Waivers	4
	Financial Aid	5
	Scope and Methodology	6
	Report Organization	7
Chapter 2		
AMOUNT WAIVED	Number of Waivers	9
	Graduate Waivers	9
	Undergraduate Waivers	10
	Largest Waiver Programs	10
	IBHE Waiver Report Form	11
	➤ Recommendation 1: IBHE Reporting Guidance	15
	Accounting and Reporting Waivers	15
	➤ Recommendation 2: University Reporting Procedures	19
Chapter 3		
STATUTORY WAIVERS	Waiver Programs	21
	Reserve Officer's Training Corps	22
	Number of Waivers Authorized	22
	Incoming Students Granted Waivers	24
	Unused Waivers	24
	Military Service Not Required	25
	Incomplete Selection Records	25
	ROTC Policies	26
	➤ Recommendation 3: ROTC Program	27
	Children of Employees	28
	➤ Recommendation 4: Children of Employees Waivers	29
	General Assembly	30
	➤ Recommendation 5: General Assembly Waiver Policy	33
	Children of Veterans	33
	DCFS Waivers	34
	Senior Citizens	35
	Teachers Education Waivers	35
	Other States	36
	Conclusion	36
	➤ Recommendation 6: Waiver Documentation	37

CHAPTER	SECTION	PAGE
Chapter 4 INSTITUTIONAL WAIVERS	Types of Waivers	39
	Selection Process	40
	Waivers Sampled	42
	Application and Criteria	43
	Evaluation	44
	Award Process	44
	Other Management Controls	46
	Data Entry	46
	Internal Audits	46
	Waivers in Lieu of Compensation	47
	Conclusion	48
	➤ Recommendation 7: Controls Over Waivers	49
	Chapter 5 IMPACT OF WAIVERS	Tuition and Waiver Increases
Impact of Waivers: Universities		53
Impact of Waivers: Other States		56
Impact of Waivers: Peer Universities		57
Conclusion		58
① Matter for Consideration by the General Assembly - Annual Report on Waivers		59
Chapter 6 STATEWIDE WAIVER ISSUES		Statewide Waiver Requirements
	Undergraduate Waivers: Three Percent Limit	61
	Waivers Not Subject to Three Percent Limit	62
	Civil Service Waivers	63
	Statutory Waivers	64
	Budget Reduced for Exceeding Limit	64
	➤ Recommendation 8: IBHE Tuition Waiver Policy	65
	Graduate Waivers: No Limit	65
	University Established Waiver Programs	66
	Similar Programs Administered Differently	69
	Universities Lacked Tuition Waiver Policies	71
	➤ Recommendation 9: University Tuition Waiver Policy	72
	Guidance and Coordination	73
	➤ Recommendation 10: IBHE Guidance	75
	State Tuition Waiver Policy	75
	Other States' Waiver Policies	76
Conclusion	78	
② Matter For Consideration By The General Assembly - Statewide Tuition Waiver Policy	79	

EXHIBITS	TITLE	PAGE
Exhibit 1-1	Total Tuition and Fee Revenue	4
Exhibit 1-2	Types of Tuition Waivers	4
Exhibit 1-3	Tuition Waiver Recipients Who Also Received Financial Aid	5
Exhibit 1-4	Financial Aid	6
Exhibit 1-5	Data Gathering Methods	7
Exhibit 2-1	Tuition Waived by Year in School	9
Exhibit 2-2	Tuition Waived by University	10
Exhibit 2-3	Programs that Waived the Most Tuition	11
Exhibit 2-4	Various Waiver Classifications Used by Universities	14
Exhibit 2-5	Audit Count of Tuition Waivers	16
Exhibit 2-6	Comparison of Fees Waived	17
Exhibit 3-1	Statutory Waivers	21
Exhibit 3-2	ROTC Waivers	22
Exhibit 3-3	State ROTC Statute	23
Exhibit 3-4	Children of Employees Waiver	28
Exhibit 3-5	General Assembly Waiver	30
Exhibit 3-6	Children of Veterans Waiver	34
Exhibit 3-7	DCFS Waiver	34
Exhibit 3-8	Senior Citizens' Waiver	35
Exhibit 3-9	Teachers Education Waiver	36
Exhibit 4-1	Institutional Waivers by University	39
Exhibit 4-2	Institutional Waiver Programs	40
Exhibit 4-3	Summarized Process for Awarding Waivers	41
Exhibit 4-4	Missing Records for Institutional Tuition Waivers Sampled	42
Exhibit 4-5	Grade Point Average of Waiver Recipients Sampled	45
Exhibit 5-1	Tuition and Waiver Increases	52
Exhibit 5-2	Changes in Tuition Costs	53
Exhibit 6-1	Public Act 89-307	62
Exhibit 6-2	IBHE Policy on Waivers	62
Exhibit 6-3	Universities Exceeding Waiver Limit	64
Exhibit 6-4	Graduate Waivers	66
Exhibit 6-5	University Established Waiver Programs	68
Exhibit 6-6	Cooperating Teachers	69

APPENDICES	TITLE	PAGE
Appendix A	Legislative Audit Commission Resolution Number 108	81
Appendix B	Methodology	85
Appendix C	Definitions of Tuition Waiver Programs	91
Appendix D	Useful University Documents and Processes	97
Appendix E	Survey of States	103
Appendix F	Survey of Peer Universities	113
Appendix G	Tuition Waivers by Program	125
Appendix H	Financial Aid Programs	131
Appendix I	University Related Organizations' Policies and Procedures	139
Appendix J	Organizations Contacted	145
Appendix K	Auditees' Responses	149

GLOSSARY

This Glossary contains the meaning of certain words as they are used in this report.

Academic Year	An academic year begins with the fall semester and ends with the summer semester. For example, academic year 1996 consisted of fall 1995, spring 1996, and summer 1996 semesters. An exception was at Governors State University which had three trimesters: fall, winter, and spring/summer.
Fee Waiver	Mandatory student fees that are not charged by a university, for example: intercollegiate athletics, student government activities, recreational activities, transportation services, student publications, and debt and principal payments for bond-financed buildings for student unions/athletic arenas.
Financial Aid	Assistance given to a student to help pay the cost of attending a university. The four types of financial aid are scholarship/grants, tuition waivers, loans, and employment.
Institutional Waiver	Tuition waiver whose selection criteria is established by the institution (university).
Mandate	A requirement that is established by State statute.
Peer University	Public or private university in the United States that was named to the Office of the Auditor General by an Illinois public university as its peer for academic comparison.
Potential Tuition Revenue	Tuition revenue plus tuition waived equals potential tuition revenue for Illinois Board of Higher Education (IBHE) calculations to determine that universities did not exceed the three percent limit on undergraduate institutional tuition waivers.
Scholarship	Funds provided to a student by a third party, such as the federal government, Illinois Student Assistance Commission, alumni association, foundation, corporation, or private donor to pay tuition, living costs, or other expenses.
Statutory Waiver	Tuition waiver whose selection criteria is established in State statute.
Tuition Waiver	Tuition that is not charged by the university and the revenue is foregone.
University Related Organization (URO)	UROs include alumni associations and university foundations.

Chapter 1**INTRODUCTION**

The Legislative Audit Commission adopted Resolution Number 108 directing the Auditor General to conduct a management audit of tuition and fee waivers granted to students attending the State's public universities (see Appendix A). The Resolution's nine determinations call for the number and amount of waivers, amount of tuition and fee revenue, legal limitations, accounting and reporting, types of financial aid, contracts governing waivers, compliance with State policies, impact of waivers on tuition, and possible audit recommendations. This audit reviewed tuition waivers for fiscal year 1996.

REPORT CONCLUSIONS

The 12 State university campuses waived over one-fifth (23 percent) of the tuition charges during fiscal year 1996. Universities awarded 40,752 tuition waivers worth approximately \$117 million while tuition revenue, which includes the amount waived, was \$507 million. In addition, universities waived almost \$5 million in fees.

Statutes have established specific tuition waiver programs, such as for children of employees or ROTC, through which approximately nine percent of the tuition was waived; these are called statutory waivers. Programs over which universities had discretion, called institutional waivers, accounted for the remaining 91 percent of tuition waived.

There were few statewide requirements and minimal guidelines for university waiver programs. Furthermore, the administration of waiver programs at individual universities was largely decentralized and delegated to the individual departments, with few written policies and procedures. The only statewide statutory tuition waiver policy was to authorize the Illinois Board of Higher Education (IBHE) to limit certain undergraduate waivers (Public Act 89-307 effective January 1, 1996).

- **IBHE limited undergraduate institutional tuition waivers to three percent of undergraduate tuition. This was the only written IBHE policy on tuition waivers. There was no policy or limit on graduate waivers which were 80 percent (\$94 million) of total tuition waived.**
- **One-fourth of the institutional tuition waivers in our random sample did not have complete records on the award process, such as a written application (20 percent), written selection criteria (21 percent), decision record (8 percent), and contract (5 percent).**

- **Selection criteria, when it existed, was minimal for institutional tuition waivers sampled; statutory waivers had criteria established in statute.**
- **Information on rejected tuition waiver applicants was not available to determine whether the best applicants were selected.**
- **Some laws were not complied with, such as regarding ROTC tuition waivers.**
- **The IBHE did not evaluate waiver programs and only one university conducted an internal audit during fiscal years 1994-1996.**

To address these issues, the General Assembly may wish to consider enacting a statewide tuition waiver policy. The report recommends that the IBHE provide more specific guidance regarding tuition waivers. Furthermore, the report recommends State universities improve the awarding, management, and reporting of tuition waivers.

TUITION WAIVER PROGRAMS

State statutes have established some tuition waiver programs which the Illinois Board of Higher Education refers to as statutory waiver programs. These statutes specify the individuals who are eligible (e.g., children of employees) and indicate the selection criteria (e.g., employee must have worked for the university for at least seven years).

In addition, Public Act 89-307, effective January 1, 1996, provides statutory authority for waivers to individuals with academic, athletic, and other abilities. Their eligibility and selection criteria are not specified in statute and, therefore, are left to universities; IBHE calls these institutional waivers because universities have discretion over who is selected.

Although there are statutes that establish certain tuition waiver programs, there is no statute that provides overall guidance about tuition waivers, such as their purpose, objectives, management, records, reporting, or limits (discussed later in the report).

ILLINOIS BOARD OF HIGHER EDUCATION

The State of Illinois has nine public universities with 12 campuses which are coordinated by the IBHE. Since January 1, 1996, the responsibilities assigned to the Board of Regents and the Board of Governors were transferred to individual universities' Board of Trustees (Public Act 89-004). The IBHE is responsible for preparing a master plan for higher education, submitting it to the General

Assembly, and making periodic recommendations to update it. The IBHE's enabling statute assigns the following responsibilities:

“. . . analyze the present and future aims, needs and requirements of higher education in the State of Illinois and prepare a master plan for the development, expansion, integration, coordination and efficient utilization of the facilities, curricula and standards of higher education for the public institutions of higher education in the areas of teaching, research and public service.” (110 ILCS 205/6)

IBHE officials said they are a planning and coordinating agency for higher education rather than a governing agency. The IBHE leaves issues regarding governance to universities and their Board of Trustees. The IBHE last revised its tuition and fee policy in 1988 and established the following objectives:

1. Assure that revenues for universities are adequate to support high quality instructional programs.
2. Assure that students and the State share in paying tuition because both benefit from students' education.
3. Assure that tuition and fee charges are low enough to encourage qualified students to enroll.
4. Assure that tuition and fees do not bar access to those who cannot afford to pay such charges.

TUITION RATE

IBHE's administrative rules state that undergraduate resident tuition should approximate one-third of instructional cost at a State university (23 Ill. Adm. Code 1070.203). An IBHE report noted that short-term deviations from this may be necessary, although in practice tuition rates have exceeded this percentage since at least 1990.

The IBHE administrative rules add that graduate resident tuition should be one-third more than undergraduate resident tuition. Undergraduate non-resident tuition should cover full instructional costs. Graduate non-resident tuition should be one-third more than undergraduate non-resident tuition.

The total amount of potential tuition and fee revenue for the State universities during fiscal years 1994, 1995, and 1996 was \$584,372,500, \$599,453,400, and \$631,224,300 respectively; it includes the amount that has been waived (see Exhibit 1-1). Effective January 1, 1996, Public Act 89-602 authorizes universities to retain tuition income in their own treasury. Previously, tuition income was deposited with the State Treasurer.

Exhibit 1-1						
TOTAL TUITION AND FEE REVENUE						
Graduate and Undergraduate Combined						
	FY 1994		FY 1995		FY 1996	
Universities	Tuition Revenue	Fee Revenue	Tuition Revenue	Fee Revenue	Tuition Revenue	Fee Revenue
Chicago State	\$13,063,800	\$2,623,600	\$13,371,300	\$2,632,000	\$14,575,400	\$2,882,000
Eastern	20,851,600	8,204,400	21,771,200	8,168,100	22,269,900	8,443,500
Governors State	7,691,200	784,500	7,682,800	799,900	7,988,100	795,000
Illinois State	43,295,100	14,024,400	42,980,600	14,013,100	44,862,900	14,868,600
Northeastern	15,467,000	1,786,000	15,358,000	1,958,000	15,795,200	2,244,900
Northern	45,355,800	13,412,700	47,184,400	13,798,100	47,468,100	13,939,400
SIU–Carbondale	49,731,100	16,118,000	49,100,300	16,747,800	52,315,400	16,828,600
SIU–Edwardsville	20,091,500	5,309,900	20,352,400	5,185,500	22,200,100	5,531,200
U of I – Chicago	74,448,800	19,998,900	81,188,100	20,576,200	86,034,600	21,527,700
U of I – Springfield	6,070,300	247,500	5,962,400	454,400	6,440,500	485,200
U of I – Urbana	149,364,000	28,555,200	153,044,400	29,872,800	164,719,800	31,242,100
Western	22,657,100	5,220,100	22,215,100	5,036,500	22,629,900	5,136,200
TOTAL	\$468,087,300	\$116,285,200	\$480,211,000	\$119,242,400	\$507,299,900	\$123,924,400

NOTE: Tuition revenue includes tuition waived; fee revenue includes fees waived.
SOURCE: Illinois Board of Higher Education.

TUITION AND FEE WAIVERS

State universities have waived tuition and fees for selected graduate and undergraduate students. As used in this report, a tuition waiver is tuition that is not charged by the university and the revenue is foregone (see the Glossary). IBHE officials said that *“Inherent to the governing boards’ authority to set tuition is the authority to waive tuition charges for certain students.”*

Exhibit 1-2 shows the tuition waiver programs listed on the IBHE reporting form that universities complete each year. As discussed later, there are additional tuition waiver programs established by university or governing board policy. Universities generally named and reported them under “Other” waiver programs to the IBHE.

The IBHE has limited tuition waivers since the 1970s, however, its current limit was established in 1988. The current limit is three percent of undergraduate institutional tuition waivers charged and waived (excluding Civil Service waivers).

There is no limit on graduate waivers. The IBHE indicated that this is because the mission and purpose of individual State universities varies and each university has different needs. For example, research universities have a greater need for graduate students than other universities.

Exhibit 1-2	
TYPES OF TUITION WAIVERS	
Fiscal Year 1996	
<u>Statutory Waivers</u>	
1.	Children of Employees
2.	Children of Veterans
3.	DCFS
4.	General Assembly
5.	Other
6.	ROTC
7.	Senior Citizens
8.	Teachers/Special Education
<u>Institutional Waivers</u>	
1.	Academic
2.	Athletic
3.	Cooperating Teachers
4.	Dependents of Staff
5.	Faculty/Administrator
6.	Foreign Students
7.	Graduate Assistantships
8.	Graduate Federal Programs
9.	Other
10.	Other Talent (arts, music)
11.	Out-of-State Students
12.	Student Service
13.	Support Staff [Civil Service]
SOURCE: IBHE.	

There is also no limit on fee waivers. IBHE officials noted that fees support specific services and are less likely to be waived because other students could have to pay more. IBHE policy states that no new fees should be created to finance instructional activities and new fees for noninstructional purposes require student referenda.

FINANCIAL AID

In addition to tuition waivers, students can receive other types of financial aid. Exhibit 1-3 shows the number and amount of tuition waiver recipients who also received other financial aid through the university. Many individuals who received tuition waivers received other financial aid which was worth approximately \$170 million. Students can get financial aid from the Illinois Student Assistance Commission, federal government, and university related organizations (e.g., foundations and alumni associations). Appendix H describes the types of financial aid available to students, such as the following:

- Monetary Award Program
- Illinois Veteran Grant Program
- Minority Teachers of Illinois Scholarship Program
- Merit Recognition Scholarship Program
- Pell Grants
- Supplemental Educational Opportunity Grant
- College Work Study
- Perkins Loans
- Guaranteed Student Loans (e.g., Stafford Loans)

Exhibit 1-3 TUITION WAIVER RECIPIENTS WHO ALSO RECEIVED FINANCIAL AID Graduate and Undergraduate Combined Fiscal Year 1996			
UNIVERSITY	ALL WAIVERS	OTHER FINANCIAL AID	
		Number	Amount
Chicago State*	984	345	\$1,448,000
Eastern	1,801	988	\$3,932,687
Governors State	428	51	\$404,223
Illinois State	4,046	1,491	\$7,240,897
Northeastern*	1,820	763	\$700,500
Northern	4,695	3,027	\$17,882,858
SIU–Carbondale	4,651	2,209	\$12,884,462
SIU–Edwardsville	2,986	583	\$2,531,528
U of I – Chicago	4,802	3,359	\$27,797,024
U of I – Springfield	538	304	\$1,796,016
U of I – Urbana	11,761	9,134	\$86,734,361
Western	2,240	1,288	\$7,061,048
TOTAL	40,752	23,542	\$170,413,604

* University did not provide financial aid on each student; therefore, their report to IBHE is used for Other Financial Aid.
SOURCE: State universities' data summarized by OAG.

The IBHE “Report on the Fiscal Year 1996 Illinois Student Financial Aid Survey” classifies financial aid into the four types defined below.

- **Waivers.** Gift assistance to students in which the institution does not collect tuition or fees from a student thereby awarding a grant although no money changes hands.
- **Scholarships/Grants.** All forms of gift assistance other than tuition and fee waivers.
- **Loans.** Financial assistance which must be repaid by the student.

- **Employment.** All student employment including graduate assistants, student cafeteria employees, and students working for an outside agency as part of work study programs.

Exhibit 1-4 shows that universities reported \$840 million in total financial aid to the IBHE for fiscal year 1996. It consisted of \$547 million to undergraduates and \$293 million to graduate students. Loans were reported as the largest component of financial aid, followed by grants, employment, and waivers. Universities understated the amount of waivers because they reported \$83 million in the *Financial Aid Survey* but reported \$117 million in their tuition waiver report to the IBHE. IBHE officials said universities may have misclassified some waivers as grants.

Exhibit 1-4 FINANCIAL AID Fiscal Year 1996						
	UNDERGRADUATE		GRADUATE		TOTAL	
Loans	\$250,598,391	46%	\$107,866,436	37%	\$358,464,827	43%
Scholarships/Grants	\$231,476,827	42%	\$22,864,924	8%	\$254,341,751	30%
Employment	\$44,639,955	8%	\$99,902,919	34%	\$144,542,874	17%
Waivers	\$20,258,763	4%	\$62,331,132	21%	\$82,589,895	10%
TOTAL	\$546,973,936	100%	\$292,965,411	100%	\$839,939,347	100%

SOURCE: IBHE "Report on the Fiscal Year 1996 Illinois Student Financial Aid Survey."

SCOPE AND METHODOLOGY

This audit was conducted in accordance with generally accepted government auditing standards and the audit standards promulgated by the Office of the Auditor General at 74 Ill. Adm. Code 420.310.

The audit's objectives are specified in Legislative Audit Commission Resolution Number 108, which calls for a management audit of tuition and fee waivers granted to students attending the State's public universities. Accordingly, we gathered information using the methods shown in Exhibit 1-5. The time period for which tuition waivers were audited was fiscal year 1996 (or fall semester 1995, spring semester 1996, and summer semester 1996).

This management audit examined all aspects of performance relating to the award of waivers including goals, operations, and outputs. We tested compliance with laws such as those pertaining to statutory waivers and have disclosed the results in the report. We examined State universities' processes for awarding tuition waivers. We used criteria in statutes, policies, and procedures, in addition to prudent business practices. We tested management controls and controls over the entry of waiver data in computer systems.

The Office of the Auditor General (OAG) performs a financial and compliance audit of all universities every year. We followed up on the relevant findings in our Fiscal

Year 1996 compliance audits. We relied upon our compliance auditors' review of general and application controls during the annual compliance audits.

We requested universities to provide us a list of all tuition waiver recipients for fiscal year 1996 (see methodology in Appendix B). The total waivers we identified during this time period were 40,752. We selected a random sample of 1,691 tuition waivers from fiscal year 1996 to review during audit fieldwork. The sample consisted of 604 statutory waivers worth \$1,046,671 and 1,087 institutional waivers worth \$1,941,154.

In their report on tuition waivers to the IBHE, Northeastern and Southern Illinois Universities included the "header" summer – the summer term before the fall semester – in their fiscal year while most used the "trailer" summer – the summer after spring semester. This audit used the trailer summer (summer 1996) as part of fiscal year 1996 to report tuition waivers from all universities.

Some other tuition and fee waiver data also needed to be adjusted and is detailed in Chapter 2. To the extent possible, we have used tuition and fee waiver data that universities provided to the Office of the Auditor General.

Exhibit 1-5 DATA GATHERING METHODS	
1.	Reviewed applicable statutes and administrative rules and tested for compliance.
2.	Examined policies, procedures, and processes pertaining to tuition waivers from State universities, Illinois Board of Higher Education, and State Board of Education.
3.	Tested State universities' management controls.
4.	Tested State universities' controls over computer data entry.
5.	Interviewed officials at the Illinois Board of Higher Education, State Board of Education, Illinois Student Assistance Commission, and State universities.
6.	Obtained scholarship information from University Related Organizations.
7.	Randomly selected a sample of 1,691 tuition waivers at the 12 campuses and reviewed documents such as application forms, selection criteria, decision documents, and contracts.
8.	Visited all 12 State university campuses.
9.	Surveyed other states.
10.	Surveyed the peer universities of Illinois public universities.

REPORT ORGANIZATION

This report contains chapters that concern the reporting of waivers, compliance with requirements, results of our sample of waivers, management of waivers, impact of waivers, and statewide issues regarding tuition waivers.

- **CHAPTER 2 – AMOUNT WAIVED**
Specifies the number, amount, and types of tuition waivers, discrepancies in waiver reports, need for improvement in IBHE waiver form, and accounting and reporting of waivers.

- **CHAPTER 3 – STATUTORY WAIVERS**
Identifies requirements regarding tuition waivers in statutes and discloses the results of statutory waivers tested during our fieldwork sample.

- **CHAPTER 4 – INSTITUTIONAL WAIVERS**
Discusses the award process, results of waivers sampled, weaknesses in management controls, lack of internal audits, and waivers awarded in lieu of compensation.
- **CHAPTER 5 – IMPACT OF WAIVERS**
Analyzes the impact of waivers considering comments from other states, peer universities, and State universities.
- **CHAPTER 6 – STATEWIDE WAIVER ISSUES**
Discusses compliance with the three percent IBHE limit on undergraduate institutional waivers, discloses that most waivers went to graduate students for whom there was no limit, identifies programs established by universities, shows that similar programs were administered differently by universities, and discusses the need for tuition waiver policies and IBHE guidance.
- **APPENDICES**
Contains audit methodology, waiver program definitions, types of financial aid available, useful documents and processes at universities, waivers by university and by waiver program, and summary of surveys of other states and peer universities.
- **SUPPLEMENT**
This audit report contains a Supplement which has a “Report By University” on tuition waivers at each of the 12 university campuses.

Chapter 2

AMOUNT WAIVED

The 12 State university campuses waived over one-fifth (23 percent) of all tuition charges in fiscal year 1996. Total tuition charges were approximately \$507 million which included 40,752 tuition waivers worth \$117 million. Eighty percent of all tuition waived was for graduate students. Some waiver information reported by universities to the Illinois Board of Higher Education contained discrepancies. Universities had similar tuition waiver programs which were not reviewed to determine if duplicate programs could be consolidated.

NUMBER OF WAIVERS

In fiscal year 1996, State universities awarded 40,752 tuition waivers worth approximately \$117 million. Most waivers worth \$94 million (80 percent) went to graduate students while the remaining \$23 million went to undergraduates. Statutory waivers were worth almost \$11 million (9 percent) while institutional waivers were worth \$106 million (91 percent), as shown in Exhibit 2-1.

Two of the University of Illinois campuses waived the most tuition in fiscal year 1996 (see Exhibit 2-2). Over 70 percent of all tuition waived was by the three University of Illinois campuses (\$82 million out of \$117 million).

For accounting purposes, total tuition revenue

reported by universities includes tuition waived. The percent of tuition waived is calculated as follows: dividing tuition waived by the sum of tuition revenue and tuition waived. To place waivers in perspective, tuition revenue and tuition waivers are shown in separate columns in Exhibit 2-2 and in the following section.

	Statutory	Institutional	Total
Undergraduate	\$9,303,170	\$13,686,485	\$22,989,655
Graduate	\$1,352,496	\$92,583,826	\$93,936,322
TOTAL	\$10,655,666	\$106,270,311	\$116,925,977
NOTE: Chicago State and Northeastern did not separate graduate and undergraduate tuition waivers in data provided to OAG; therefore, data from their waiver report to IBHE is used. Total amount waived based on aggregate data submitted to the OAG was \$89,945 less or \$116,836,032.			
SOURCE: Universities' data summarized by OAG.			

GRADUATE WAIVERS

State universities earned \$71 million in graduate tuition revenue while they waived \$94 million of tuition. The largest amount and percent waived was by the University of Illinois at Urbana which charged \$18.6 million in graduate tuition revenue and waived \$52.3 million (or 74 percent of tuition charged and waived at

**Exhibit 2-2
TUITION WAIVED BY UNIVERSITY
Fiscal Year 1996**

UNIVERSITY	GRADUATE			UNDERGRADUATE			TOTAL		
	Tuition Revenue	Tuition Waived	% Waived**	Tuition Revenue	Tuition Waived	% Waived**	Tuition Revenue	Tuition Waived	% Waived**
Chicago State*	\$2,542,500	\$233,220	8%	\$11,211,400	\$588,292	5%	\$13,753,900	\$821,512	6%
Eastern	\$1,389,100	\$1,057,067	43%	\$18,455,000	\$1,358,630	7%	\$19,844,100	\$2,415,697	11%
Governors State	\$3,177,900	\$336,776	10%	\$4,388,500	\$111,965	2%	\$7,566,400	\$448,741	6%
Illinois State	\$1,567,000	\$2,686,646	63%	\$38,065,100	\$2,539,070	6%	\$39,632,100	\$5,225,716	12%
Northeastern*	\$2,453,000	\$921,800	27%	\$11,879,000	\$541,400	4%	\$14,332,000	\$1,463,200	9%
Northern	\$4,755,400	\$4,573,895	49%	\$35,589,400	\$3,318,372	9%	\$40,344,800	\$7,892,267	16%
SIU-Carbondale	\$5,148,200	\$7,712,385	60%	\$36,892,600	\$2,656,162	7%	\$42,040,800	\$10,368,547	20%
SIU-Edwardsville	\$3,430,100	\$2,396,784	41%	\$15,626,100	\$793,840	5%	\$19,056,200	\$3,190,624	14%
U of I – Chicago	\$22,930,100	\$19,771,212	46%	\$41,481,100	\$2,005,333	5%	\$64,411,200	\$21,776,545	25%
U of I – Springfield	\$2,192,300	\$349,225	14%	\$3,688,000	\$204,434	5%	\$5,880,300	\$553,659	9%
U of I – Urbana	\$18,563,000	\$52,285,962	74%	\$85,328,000	\$7,740,500	8%	\$103,891,000	\$60,026,462	37%
Western	\$2,394,700	\$1,611,350	40%	\$17,294,400	\$1,131,657	6%	\$19,689,100	\$2,743,007	12%
TOTAL	\$70,543,300	\$93,936,322	57%	\$319,898,600	\$22,989,655	7%	\$390,441,900	\$116,925,977	23%

* Chicago State and Northeastern could not separate graduate and undergraduate waivers in data provided to the Office of the Auditor General (OAG); therefore, their amounts waived were taken from their reports to the IBHE, which were slightly higher.

** For accounting purposes, universities reported total tuition revenue as the sum of tuition revenue plus tuition waived. Percent waived is calculated by dividing tuition waived by total tuition revenue. For example, percent of graduate total tuition waived is derived by adding tuition revenue (\$70,543,300) and tuition waived (\$93,936,322) which sums to \$164,479,622. Graduate tuition waived (\$93,936,322) divided by total tuition revenue (\$164,479,622) yields 57% graduate tuition waived.

Note: The amounts shown under the column Tuition Waived may differ from other exhibits in the report and the Supplement due to rounding and other adjustments.

SOURCE: Tuition revenue data is from IBHE, tuition waived is university data submitted to OAG.

the University of Illinois at Urbana). The second largest amount waived was by the University of Illinois at Chicago – \$20 million (or 46 percent of graduate tuition charged and waived at the University of Illinois at Chicago). In percentage terms, the second largest was Illinois State University with 63 percent, although it waived less than \$3 million. As discussed later in the report, there was no limit on graduate waivers.

UNDERGRADUATE WAIVERS

State universities earned \$320 million in undergraduate tuition revenue and waived \$23 million (7 percent). The largest amount waived was by the University of Illinois at Urbana with \$7.7 million (8 percent), followed by Northern Illinois University with \$3.3 million (9 percent – the highest percentage of undergraduate tuition waived). These amounts included both institutional and statutory waivers and should not be confused when calculating the three percent IBHE limit which applies to undergraduate institutional waivers only.

LARGEST WAIVER PROGRAMS

Fourteen tuition waiver programs each waived more than \$1 million and accounted for 96 percent of tuition waived in fiscal year 1996. Nine of these were institutional tuition waiver programs and five (Children of Employees, General Assembly, ROTC, Special Education, and Veterans' Children) were statutory tuition waiver programs. Exhibit 2-3 shows that by far the most tuition waived was for Graduate Assistantships (nearly two-thirds), followed by Graduate College Waivers (graduate

academic merit), Athletic waivers, Academic waivers, and General Assembly waivers.

In terms of numbers waived, Graduate Assistantships (37 percent) again far exceeded all other programs and were followed by Cooperating Teachers, Academic, Support Staff, and Faculty/Administrators. See Appendix C for definition of tuition waivers programs. Appendix G shows the number and amount of tuition waivers for each university by waiver program.

Exhibit 2-3				
PROGRAMS THAT WAIVED THE MOST TUITION				
Graduate and Undergraduate Combined				
Fiscal Year 1996				
Program	Amount Waived	Percent Of Amount Waived	Number Waived	Percent Of Number Waived
Graduate Assistantships	\$75,550,353	64.7%	15,000	36.8%
Graduate College Waivers	\$7,491,239	6.4%	1,444	3.5%
Athletic	\$5,445,241	4.7%	1,852	4.5%
Academic	\$4,728,196	4.0%	3,567	8.8%
General Assembly	\$4,505,613	3.9%	1,702	4.2%
Faculty/Administrators	\$2,413,043	2.1%	1,913	4.7%
Cooperating Teachers	\$1,771,828	1.5%	3,671	9.0%
Support Staff (Civil Service)	\$1,756,808	1.5%	2,399	5.9%
Veterans' Children	\$1,651,726	1.4%	482	1.2%
Special Education	\$1,455,695	1.2%	685	1.7%
Children of Employees	\$1,412,434	1.2%	1,320	3.2%
ROTC	\$1,412,162	1.2%	787	1.9%
Out-of-State	\$1,374,478	1.2%	853	2.1%
Other - Talent	\$1,270,891	1.1%	837	2.1%
Remaining Programs	\$6,210,257	5.3%	4,240	10.4%
Adjustments*	(\$1,613,932)	(1.4%)	0	0
TOTAL	\$116,836,032	100%	40,752	100%

* Adjustments were made to the amount waived to eliminate double counting and timing differences in reporting waiver amounts.

SOURCE: State universities' data summarized by OAG.

IBHE WAIVER REPORT FORM

The Illinois Board of Higher Education sends universities a form to complete after the end of the State fiscal year to report the number and amount of tuition and fee waivers. State law assigns IBHE the responsibility for collecting meaningful and comparable information on higher education (110 ILCS 205/9.08):

“To design, establish, and supervise the operation of an information system for all State universities and colleges, to provide the Board [IBHE] with timely, comprehensive, and meaningful information pertinent to exercise of its duties. The information system shall be designed to provide comparable data on each State institution of higher education.” [emphasis added]

The IBHE required universities to complete two different reports each year which contained information on tuition waivers. One report asked for only tuition waivers

(“Technical Questions”) while the other report asked for all financial aid (*Financial Aid Survey For Public Universities*), namely tuition waivers, scholarship/grants, loans, and university employment.

The Technical Questions asked for various information besides tuition and fee waivers, such as annual tuition and fees, tuition and fee revenue, increase in appropriations, salary increases, and accumulated sick leave and vacation liabilities. Universities detailed the number and amount of tuition and fee waivers by tuition waiver program in the Technical Questions. This report is referred to in this audit as the universities’ waiver report to the IBHE.

At many universities, these two reports to the IBHE were prepared by different offices and the waiver information between them was not always consistent. One university discovered that the Budget and Planning Office was manually counting waivers for the Technical Questions while the Financial Aid Office, which was answering the financial aid survey, could count waivers with an existing computer program.

The IBHE relies upon universities to provide accurate information on tuition and fee waivers and does not independently verify the data. Because it relies upon the data received, specific guidance is needed to ensure data provided is consistent. However, the fiscal year 1996 Technical Questions did not state specific methods of counting tuition waivers to make the waiver information more comparable and meaningful.

- **Fiscal Year** – Northeastern and Southern reported tuition waivers for summer 1995 instead of summer 1996, making their fiscal year 1996 tuition waiver report inconsistent with the waiver reports from other universities. (For this audit, we requested these universities to provide waivers for summer 1996 to be consistent with the other universities.)
- **Unduplicated Waivers** – Northern and Western did not calculate an unduplicated count of tuition waivers as prescribed in the IBHE Technical Questions. The Technical Questions asked universities to provide the unduplicated headcount as defined in the separate *Financial Aid Survey For Public Universities*. That definition called for an unduplicated count of students, not waivers, by program and added that the total for all waiver programs “. . . would count each student once who receives financial assistance, no matter how many different programs he/she participates in.” [emphasis added]
- **Waiver Program** – The IBHE had general definitions for common waiver programs (e.g., academic, athletic, faculty) but did not provide definitions or other guidance to help address the types of issues below:
 - Some scholarships/grants were reported as tuition waivers, such as the Graduate Public Service Internship (GPSI) program at the University of Illinois at Springfield, and the Eisenhower Grant at Illinois State

University. GPSI positions are funded between the contracting agency and the university.

- Some tuition waivers may not really be waivers, such as Contract Training, in which the university receives a grant to teach a group of students. Southern Illinois University reported Contract Training waivers. Since the university could not charge tuition to the students in the group and also receive grant funds, it used the grant to pay tuition and reported each student as receiving a tuition waiver. However, since the university received grant funds, it did not really forego tuition revenue. (These were not excluded from this audit since they are in the gray area.)
- Some Sports Equity waivers (established by statute to accomplish gender equity in sports) were reported as Athletic waivers because the IBHE Technical Questions form did not have a place for reporting them separately. Athletic waivers are subject to the three percent IBHE undergraduate institutional tuition waiver limit, while Sports Equity waivers are not. Although the IBHE excluded these waivers when calculating the three percent limit, it would be clearer to have a separate category for reporting them on the form. In fiscal year 1996, Northern awarded 77 Sports Equity waivers worth \$220,700 and SIU–Edwardsville awarded five Sports Equity waivers worth \$1,842.
- Similar tuition waivers were reported differently in the Technical Questions, such as under the heading Other Institutional Waivers (see Exhibit 2-4). While all the programs in the following exhibit can not be consolidated into the categories under which they are shown, they can be reviewed to reduce duplication. Furthermore, some waivers were reported under different waiver programs. For example:
 - Chicago State, Eastern, and Northeastern reported tuition waivers to other universities' employees as Civil Service waivers while Governors State and University of Illinois at Springfield reported them as Interinstitutional waivers.
 - University of Illinois at Chicago did not report any waivers under the Foreign Student waiver program to the IBHE although it awarded waivers to foreign students.

Exhibit 2-4	
VARIOUS WAIVER CLASSIFICATIONS USED BY UNIVERSITIES	
<u>Graduate and Undergraduate Combined</u>	
<i>Fiscal Year 1996</i>	
EMPLOYEES/DEPENDENTS	
Support Staff	All 12 campuses
Faculty/Administration	All 12 campuses
Dependents of Staff	Eastern, Illinois State, Northern, SIU–Edwardsville, Western
Dependents of Deceased Staff	Northeastern, SIU–Carbondale
Staff Related	U of I – Springfield, U of I – Urbana
Interinstitutional	Governors State
Other Universities' Employees	Northern
Retired Staff	Illinois State
FOREIGN STUDENTS	
Foreign Students	Chicago State, Eastern, Illinois State, SIU–Carbondale, SIU–Edwardsville, U of I – Springfield
Foreign Exchange	U of I – Urbana
Passau (Germany) Waivers	Eastern
OUT-OF-STATE STUDENTS	
Exchange	U of I – Chicago
National Student Exchange	Illinois State
Out-of-State	SIU–Carbondale, SIU–Edwardsville, U of I – Urbana, Western
GRADUATES	
Graduate Assistantships	All 12 campuses
Graduate College Waivers	U of I – Chicago, U of I – Urbana
Graduate Federal Programs	Northeastern, SIU–Edwardsville
Graduate Merit	Northeastern
Graduate Need-Based	Northeastern
Fellowships	SIU–Carbondale
MISCELLANEOUS	
Other Talent	Chicago State, Illinois State, Northeastern, Northern, SIU–Edwardsville, U of I – Urbana, Western
Minority	Governors State, SIU–Edwardsville
Miscellaneous	Illinois State, SIU–Carbondale
College of Veterinarian Medicine	U of I – Urbana
Collegial	Governors State
EIU Waiver	Eastern
High School Concurrent	U of I – Urbana
Legislative Intern	U of I – Springfield
Medical Technicians	SIU–Edwardsville
Related Agency (Allied Agencies)	U of I – Urbana
Undergraduate Assistantships	U of I – Urbana
University Waiver	U of I – Urbana
SUPERVISORS OF STUDENT TEACHERS	
Cooperating Teachers	All 12 campuses
Field Supervisors	U of I – Urbana
SPECIAL EDUCATION	
Special Education	Chicago State, Eastern, Illinois State, Northeastern, Northern, SIU–Edwardsville, U of I – Chicago, U of I – Urbana, Western
Teacher Education	Governors State, SIU–Carbondale
FINANCIAL NEED	
Student Service	Chicago State, U of I – Urbana
College of Law	Northern, U of I – Urbana
BOG Need Based	Northeastern
Disadvantaged Students	Eastern
SIU–Carbondale Waiver	SIU–Carbondale
U of I at Springfield Waiver	U of I – Springfield
University OFSA Waiver	U of I – Chicago
WAIVER REQUIRED TO GET GRANT	
Contract Training	SIU–Carbondale, SIU–Edwardsville
Co-Team Waiver	Eastern
Fund For Improvement of Post Secondary Ed.	Western
Presidential Waiver	Eastern
SOURCE: Universities' waiver report submitted to IBHE.	

The IBHE should review tuition waiver programs to ensure duplicate programs are consolidated. Assigning similar tuition waiver programs different names increases the number of programs and can cause confusion. The lack of consistent information reduces the value of reports and makes comparisons among universities less meaningful. A revision to the University Guidelines adopted in 1997 also directs the IBHE to provide more specific guidance regarding tuition and fee waivers to universities and calls for consistent and uniform reporting:

“The Illinois Board of Higher Education, in consultation with universities, shall develop and issue annual reporting requirements concerning the dollar value, number and type of tuition and fee waivers at each university. One of the goals of such reporting requirements shall be to provide consistent and uniform reporting from one year to another and amongst the universities.”
[emphasis added]

RECOMMENDATION NUMBER 1	IBHE REPORTING GUIDANCE
<i>The Illinois Board of Higher Education should detail consistent and uniform methods for reporting tuition and fee waivers and conduct a review of tuition waiver programs to eliminate duplication.</i>	
RESPONSES	
<ul style="list-style-type: none"> • Illinois Board of Higher Education: “The Board of Higher Education concurs with this recommendation and has begun to work with the public universities to develop consistent and uniform accounting and reporting guidelines for tuition and fee waivers. The Board also will conduct a review of tuition and fee waiver programs and develop common reporting classifications and formats for similar programs.” • Illinois State University: “The University looks forward to working closely with the IBHE staff to develop reporting methods and to conduct such a review.” • University of Illinois: “The University will work with the Illinois Board of Higher Education to develop appropriate protocols and to improve our reporting processes.” 	

ACCOUNTING AND REPORTING WAIVERS

State universities’ internal and external accounting for the dollar amount and number of tuition and fee waivers can be inconsistent and incorrect and needs to be improved. For this audit, universities had difficulty providing us supporting data for their fiscal year 1996 tuition waivers and their data provided to us did not agree with their reports to the IBHE. Some definitions and consolidations could also simplify reporting, as discussed above.

In order to determine the reliability of universities’ waivers reported on the Technical Questions, and to pick a sample of waivers to test during fieldwork, we requested a list of all waiver recipients for fiscal year 1996 and essentially requested universities to provide the back up for their reports to the IBHE. We

requested a computer file with the tuition waiver program name, recipient name, social security number, tuition and fees waived, and other financial aid provided. The computer file was requested in the American Standard Code for Information Interchange (ASCII).

Ten of the twelve campuses provided the computer file. The two universities that could not provide computerized data were Chicago State and Northeastern. They said it was because the Cooperative Computer Center, which provided their computer processing, ceased operations in July 1996.

Although universities reported the number and amount of tuition and fee waivers to the IBHE, they had to write computer programs to provide the data for this audit. The computer files sent to us contained many problems and universities had to revise these computer files many different times. Even after these revisions, the number and amount of waivers that universities reported to the IBHE did not agree with waivers calculated during the audit (see Exhibit 2-5). In calculating the waivers, our adjustments included – when known – excluding waivers not in fiscal year 1996, removing grants, and including an estimate of out-of-state graduate assistants whose waivers were recorded at the in-state tuition rate. (Also see Exhibit 2-6 which shows the difference in fees reported by universities to the Office of the Auditor General and the IBHE.)

Exhibit 2-5						
AUDIT COUNT OF TUITION WAIVERS						
Graduate and Undergraduate Combined						
Fiscal Year 1996						
UNIVERSITY	NUMBER			AMOUNT		
	Audit	IBHE	Difference	Audit	IBHE	Difference
Chicago State	984	969	15	\$838,192	\$821,512	\$16,680
Eastern	1,801	1,906	(105)	\$2,415,698	\$2,425,800	(\$10,102)
Governors State	428	456	(28)	\$448,741	\$421,700	\$27,041
Illinois State	4,046	4,179	(133)	\$5,225,718	\$5,230,800	(\$5,082)
Northeastern	1,820	2,176	(356)	\$1,353,956	\$1,463,200	(\$109,244)
Northern	4,695	3,626	1,069	\$7,892,267	\$7,123,300	\$768,967
SIU–Carbondale	4,651	6,042	(1,391)	\$10,368,547	\$10,274,600	\$93,947
SIU–Edwardsville	2,986	2,947	39	\$3,190,626	\$3,143,900	\$46,726
U of I – Chicago	4,802	4,805	(3)	* \$21,776,545	\$21,623,400	\$153,145
U of I – Springfield	538	555	(17)	\$553,660	\$560,200	(\$6,540)
U of I – Urbana	11,761	11,772	(11)	\$60,026,462	\$60,828,800	(\$802,338)
Western	2,240	1,610	630	\$2,745,620	\$2,742,800	\$2,820
TOTAL	40,752	41,043	(291)	\$116,836,032	\$116,660,012	\$176,020
* University of Illinois at Chicago could not separate fees waived from tuition waived for individual recipients in its data submitted for the audit. However, the university reported to the IBHE that the aggregate amount of fees waived was \$1,795,800. This amount has been deducted to provide an approximation.						
SOURCE: State universities' data summarized by OAG.						

Although the aggregate number and amount of waivers for all universities combined is similar between the report to the IBHE and the Office of the Auditor General, this is due to the positive and negative differences canceling out. Furthermore, there were also differences between the data provided to us and the IBHE when

compared by individual tuition waiver program (see Supplement). Other examples of problems are noted below.

- Some universities did not have cut-off dates for accepting tuition waivers by the end of the fiscal year (e.g., Eastern, SIU–Edwardsville, and Western). For example, a student could receive a tuition waiver for the spring semester in July after the fiscal year had ended and get a refund of the tuition he/she had paid. Therefore, some waivers for the past fiscal year could be counted in the current fiscal year while some waivers in the current fiscal year could be counted in the next fiscal year.

**Exhibit 2-6
COMPARISON OF FEES WAIVED
Graduate and Undergraduate Combined
Fiscal Year 1996**

University	Audit	IBHE	Difference
Chicago State ¹	\$112,068	\$112,068	\$0
Eastern ²	\$0	\$104,800	(\$104,800)
Governors State	\$43,745	\$32,600	\$11,145
Illinois State	\$132,142	\$109,900	\$22,242
Northeastern ³	\$0	\$50,900	(\$50,900)
Northern	\$95,860	\$141,300	(\$45,440)
SIU–Carbondale	\$286,179	\$59,900	\$226,279
SIU–Edwardsville	\$68,945	\$55,200	\$13,745
U of I – Chicago ¹	\$1,795,800	\$1,795,800	\$0
U of I – Springfield	\$9,378	\$13,400	(\$4,022)
U of I – Urbana	\$2,033,189	\$1,796,300	\$236,889
Western	\$56,747	\$55,600	\$1,147
TOTAL	\$4,634,053	\$4,327,768	\$306,285

¹ Chicago State and University of Illinois at Chicago combined tuition and fee waivers in their submission to the OAG, but indicated fees included in tuition waived equaled what they reported to IBHE.
² Eastern paid fees by using other university funds, except for some employee-related waivers.
³ Northeastern did not provide fees to the OAG.
 SOURCE: Universities' data submitted to IBHE and OAG.

- Northern's data provided for the audit indicated it had 1,069 more tuition waivers than reported to IBHE. This difference can be attributed to two factors. First, the count reported to IBHE was an estimate based on the total dollar amount waived divided by the tuition rate. Second, the data provided for the audit was not an unduplicated count, but rather the total number of waivers given. In addition, NIU's data provided for the audit indicated the value of waivers was \$768,967 more than reported to IBHE. According to NIU, a portion of this total can be attributed to Sports Equity waivers granted within the one percent limitation but not reported to IBHE as part of the 1996 implementation plan. Furthermore, the final computer file provided to the OAG after fieldwork ended included five fiscal year 1996 recipients not originally reported.
- SIU–Carbondale's data provided for the audit indicated it had 1,391 fewer tuition waivers and the total value of the waivers was \$93,947 more than reported to the IBHE. Foreign students and out-of-state students who were serving as graduate assistants were counted twice – once as graduate assistants and a second time as out-of-state students.
- SIU–Carbondale, SIU–Edwardsville, and Western charged in-state tuition rates to students living in the border counties of neighboring states. They did not consider these to be waivers so their computer system did not

identify them as waivers. However, for reporting to the IBHE, the university had to manually identify and add these waivers.

- University of Illinois at Chicago's data provided for the audit indicated the total value of the waivers was \$1,948,945 more than what they reported to the IBHE. This amount included \$1,795,800 in fees waived which the university could not separate in the data submitted for the audit. We separated, at the aggregate level for each tuition waiver program, fees waived from tuition waived using the university's report to the IBHE.
- University of Illinois at Springfield included Graduate Public Service Interns as tuition waivers although the internships were scholarships paid by State agencies (we excluded these because they are not waivers).
- University of Illinois at Urbana valued tuition waivers for all graduate assistants at the in-state tuition rate. In its waivers report to the IBHE, the university added the estimated value of tuition waivers to out-of-state students which was \$22,329,600. The university also listed 133 more graduate assistants in its submission to us than it did to the IBHE. We could not determine how many of these were from out-of-state which would also have needed to have their tuition waived reported at the non-resident tuition rate.
- Western's data provided for the audit indicated it had 630 more tuition waivers than reported to the IBHE. For its report to the IBHE, Western estimated the number of recipients and did not report the unduplicated count to the IBHE.

Universities generally had the capability to track and monitor tuition waivers as they were awarded, such as by using the reporting features in computer programs – screens that summarized the number and amount of tuition waivers awarded at a point in time during the year. Some universities were also improving their capabilities. For example, Chicago State had a new system in fiscal year 1997 which has a screen showing the amount allocated and used for each type of waiver.

Universities' inaccurate reporting may have been caused by a lack of adequate guidance on waivers and by a lack of written university procedures on reporting waivers. Written procedures can provide direction, such as ways of defining, categorizing, and counting waivers, and can also indicate the importance of information to employees preparing the reports.

Accurate and consistent reports can improve the quality of management's information on the number and amount that has been waived, help universities stay within the three percent IBHE limit, and permit more valid comparisons to prior and future years. They can also improve the accuracy of IBHE's comparisons of waivers among universities that are reported to the Legislature.

RECOMMENDATION NUMBER 2**UNIVERSITY REPORTING PROCEDURES**

Each State university should develop written procedures for reporting waivers in consultation with the Illinois Board of Higher Education, keep accurate information on tuition and fees waived for each waiver program, and establish cut-off dates for accepting waivers or charge waivers to the appropriate fiscal year.

RESPONSES

- Chicago State University: “The Internal Audit Director will develop the waiver procedural manual and obtain approval from the CSU Waiver Committee.”
- Eastern Illinois University: “The University agrees there should be written procedures for reporting tuition waivers and agrees to develop such procedures in consultation with the Illinois Board of Higher Education. The University believes that the difference between waivers reported by the Illinois Board of Higher Education and the University were the result of timing differences between the audit and the IBHE reports.”
- Illinois State University: “The University will develop written procedures for reporting waivers based upon the collaboration between the IBHE and public universities noted in Recommendation Number 1. The University concurs that it should keep accurate information on tuition and fees waived for both internal management and external reporting purposes and will review procedures to ensure that waivers are charged to the appropriate fiscal year.”
- Northeastern Illinois University: “Northeastern Illinois University concurs with this recommendation and will work in concert with the Illinois Board of Higher Education in developing procedures for reporting waivers. Furthermore, the University will ensure that accurate information is kept on tuition and fees waived for each program, as well as establish cut-off dates for accepting waivers or charge waivers to the appropriate fiscal year.”
- Northern Illinois University: “We concur with the recommendation and will work with the other State universities and IBHE to develop standard reporting guidelines. These will include how to report full versus partial waivers. We will also review our waiver acceptance policy and revise it as necessary to ensure reporting in the proper fiscal year. All waiver reports prepared will be centrally reviewed prior to release to ensure accuracy and consistency.”
- Southern Illinois University: “SIU concurs with this recommendation and in consultation with the BHE will develop written procedures for reporting of waivers, establishing cut off dates, and recording of waivers in the correct fiscal year.”
- University of Illinois: “The University will work with the Illinois Board of Higher Education to develop appropriate protocols and to improve our reporting processes.”

Responses continued on next page

RESPONSES (continued)

- Western Illinois University: “The Illinois Board of Higher Education has formed a working group to address several issues regarding tuition and fee waivers. With Western Illinois University’s representation on this working group, along with the creation of a campus working group, we will develop written procedures for maintaining accurate information and consistently reporting waivers. The local campus group will address the possibility of establishing cut-off dates for accepting waivers, and where applicable, will implement accordingly.”

Chapter 3

STATUTORY WAIVERS

State universities did not comply with some statutory mandates regarding tuition waivers. The State ROTC statute authorizes ten recipients per university, but universities awarded the dollar equivalent of 40 waivers for each ROTC detachment. The former Board of Regents' universities continued the Regent's tuition waiver policy for employees which was more generous than provided by statute. Approximately 10 percent of the General Assembly waivers randomly sampled went to individuals for whom available addresses indicated they were outside the legislators' districts. The State Board of Education did not have a written policy regarding the administration of General Assembly tuition waivers.

WAIVER PROGRAMS

The State has established several tuition waiver programs by statute. The Illinois Board of Higher Education (IBHE) classifies these programs with selection criteria in statute as statutory waivers. More than 5,000 statutory waivers worth almost \$11 million were awarded during fiscal year 1996 (see Exhibit 3-1). The IBHE reported the following as statutory tuition waiver programs:

1. Reserve Officer's Training Corps (ROTC)
2. Children of Employees
3. General Assembly
4. Child of a Veteran
5. Department of Children and Family Services (DCFS)
6. Senior Citizens
7. Teachers/Special Education

Two other waiver programs are also established by statute, but since universities determine their selection criteria they are considered institutional waivers by the IBHE. These two programs are Sports Equity waivers and waivers to students who have academic, athletic, or other abilities.

Exhibit 3-1 STATUTORY WAIVERS Graduate and Undergraduate Combined Fiscal Year 1996		
University	Number	Amount
Chicago State	106	\$112,053
Eastern	452	\$716,588
Governors State	17	\$19,737
Illinois State	652	\$1,333,852
Northeastern	161	\$195,080
Northern	540	\$1,044,297
SIU-Carbondale	528	\$945,003
SIU-Edwardsville	255	\$275,197
U of I - Chicago	372	\$1,166,606
U of I - Springfield	32	\$38,461
U of I - Urbana	1,649	\$4,339,644
Western	347	\$455,939
TOTAL	5,111	\$10,642,458

NOTE: Total does not add due to rounding.
SOURCE: State universities' data summarized by OAG.

RESERVE OFFICER’S TRAINING CORPS

The ROTC statute provides that each State university may award ten scholarships (tuition waivers) annually to Illinois residents eligible to enroll in the State ROTC program. Applicants must take an annual exam, demonstrate leadership qualities, and be selected on merit. (105 ILCS 5/30-16.1)

Ten State university campuses awarded ROTC tuition waivers during fiscal year 1996. We sampled 103 ROTC waivers at these ten campuses.

Exhibit 3-2 shows the number of ROTC waivers by university. Separately, it shows some universities waived fees for this statutory waiver while others did not. The statute authorizes waiving matriculation, graduation, activity, term, or incidental fees for ROTC tuition waiver recipients.

**Exhibit 3-2
ROTC WAIVERS
Graduate and Undergraduate Combined
Fiscal Year 1996**

University	ROTC Detachments	Waivers	Tuition Waived	Fees Waived
Chicago State	1	26	\$ 30,799	* \$1,634
Eastern	1	95	\$145,657	**
Illinois State	1	55	\$106,055	\$4,748
Northeastern	1	13	\$17,887	\$2,087
Northern	1	77	\$157,688	\$0
SIU–Carbondale	2	150	\$236,968	\$0
SIU–Edwardsville	2	68	\$69,217	\$2,830
U of I – Chicago	1	61	\$137,777	\$0
U of I – Urbana	3	148	\$355,746	\$63
Western	1	94	\$154,368	\$0
TOTAL	14	787	\$1,412,162	\$11,362

* Fees taken from IBHE data because they were not available from CSU.
 ** Fees paid by other university funds.
 NOTE: No ROTC waivers were reported by Governors State and U of I – Springfield in fiscal year 1996.
 SOURCE: State universities’ data summarized by OAG.

Students enrolled in the ROTC program can receive a tuition waiver from the State or a scholarship from the federal government. Although procedures varied, individuals who wanted a State ROTC waiver applied to the program, which evaluated and selected applicants (see box for an example of eligibility requirements). This section concerns only the **State** ROTC tuition and fee waivers except where indicated otherwise.

**ROTC PROGRAM
Chicago State University**

Eligibility:

- U.S. Citizen
- Illinois Resident
- Full-time Student at CSU
- GPA of 2.5/4.0 (waived to 2.0)
- Enrollment in ROTC
- Minimum ACT of 19 or SAT of 850
- Good physical fitness
- Open-minded to becoming an officer

NUMBER OF WAIVERS AUTHORIZED

The ROTC statute authorizes ten waivers based on annual exams (see Exhibit 3-3), however, many universities interpreted the statute as giving them the authority to issue ten four-year waivers each year, or 40 one-year waivers at any point in time. Illinois State University explained its interpretation as follows:

“We award forty State ROTC Scholarships based on our interpretation of 105 ILCS 5/30-16.3. The code states ten scholarships may be awarded, but it doesn’t say over what time period. We interpret this to mean ten scholarships may be awarded each school year. Once a scholarship is awarded, a student may retain it for the full four years of the Army ROTC program as long as they remain an Illinois resident, and meet the ROTC retention requirements.”

**Exhibit 3-3
STATE ROTC STATUTE**

“Ten scholarships to eligible recipients who have completed the prior scholastic courses in the university in which the eligible recipient is to enroll in a Reserve Officer’s Training Corps program.” [emphasis added] (105 ILCS 5/30-16.3)

“Applicants shall take an examination each year according to the rules prescribed The scholarships shall be awarded on a merit basis to those eligible recipients receiving the highest grades with evidence of leadership ability, and the number of scholarships to be awarded in any institution shall be as set for in Section 30-16.3.” [emphasis added] (105 ILCS 5/30-16.6)

There is another waiver program, General Assembly, which splits a four-year tuition waiver. However, the statute for the General Assembly waiver program intended to authorize splitting because the statute specifically states that the four-year waiver can be split into two two-year waivers or four one-year waivers (discussed later in the chapter). In fact, for most other statutory waiver programs, the statute states that the waiver is for four years unlike the statute for the ROTC waiver program which states that applicants need to take exams each year.

Universities’ calculation of 40 waivers (e.g., ten four-year waivers split into 40 one-year waivers) also seems inconsistent with the fact that State ROTC waivers mainly go to freshmen and sophomores while federal scholarships are also available for juniors and seniors.

Furthermore, although the statute authorizes ten waivers by “the university,” Southern Illinois University and the University of Illinois with multiple ROTC detachments considered having the authority to award 40 waivers for each detachment. The University of Illinois at Urbana explained its rationale as follows:

“The three ROTC programs and the Urbana campus have interpreted the Statute to mean that each program was allowed 40 waivers at any one time. As the Statute was originally written, only ARMY ROTC students were eligible for waivers. In September 1975, Governor Walker signed Senate Bill 381 which amended the Illinois School Code to extend the scholarship provision to all services – Army ROTC, Air Force ROTC, and Naval ROTC. We believe the intent of the legislation was not to take away some of the Army ROTC State scholarships and share them with the Air Force and Navy. This would have created a serious inequity between the state institutions which have only Army ROTC (EIU, WIU, ISU, NIU) and those that have Army, Air Force, and/or Naval ROTC programs (UIUC, SIU). Rather we believe the intent of this amendment was to provide an equal number of scholarship opportunities to branches of the armed forces.”

The Office of the Auditor General did not find that the legislative intent was to expand the number of scholarships to ten for each ROTC detachment. Senate Bill 381, referred to above by the University of Illinois, which became Public Act 79-768 on September 5, 1975, changed the language of the statute from an “Army Reserve Officer’s Training program” to “a Reserve Officer’s Training program.”

“Ten scholarships to eligible recipients who have completed the prior scholastic courses in the university in which the eligible recipient is to enroll in a ~~Army~~ Reserve Officer’s Training Corps program.” (105 ILCS 5/30-16.3)

One issue raised was that a sufficient number of students need to be in the program for it to continue, and that tuition waivers help recruit students for the program. SIU–Carbondale ROTC explained that “. . . each of the approximately 143 Air Force detachments across the United States have a ‘viability’ figure to commission a minimum of 15 Second Lieutenants each fiscal year (1 Oct - 30 Sept). If a detachment does not maintain viability they may be disbanded.”

INCOMING STUDENTS GRANTED WAIVERS

State universities awarded ROTC waivers to incoming freshmen and transfer students although the statute requires that recipients “. . . have completed the prior scholastic courses in the university in which the eligible recipient is to enroll in a Reserve Officer’s Training Corps program” [see Exhibit 3-3]. This indicates that incoming freshman and transfer students are not eligible for the ROTC waiver. Eastern required waiver recipients to pay the first semester’s tuition which officials said was reimbursed after the end of the semester when the ROTC waiver recipients had established a grade point average.

UNUSED WAIVERS

Some universities awarded unused ROTC waivers to other students in the ROTC program although the statute is silent on whether this procedure is permissible. Two universities’ rationale for awarding unused waivers to other students was as follows:

- **SIU–Carbondale:** “When a student does not use their full allocation due to other scholarship awards, we re-allocate the unused portion of their scholarship to another student in our program. In effect, we have tried to maximize the use of our scholarship block based on a total dollar value available for any given semester.”
- **University of Illinois at Urbana:** “. . . The campus has interpreted the Statute as allowing the waivers to be transferable from one student to another. As a student drops out of the program or is assigned different forms of financial aid, the waiver is assigned to another student. One waiver may be assigned to three students, each holding the waiver for only one semester during the year. That is why the listing we sent would have more than 120 names on it.”

MILITARY SERVICE NOT REQUIRED

Although the stated purpose of the ROTC waivers program is “to provide officers for the several Armed Forces of the United States of America. . .” (105 ILCS 5/30-16.1), there is no requirement that State ROTC tuition waiver recipients join a military service in the first two years. Federal ROTC scholarship (not waiver) recipients are on contract and agree to accept a commission in the military to serve for a period of time. A bulletin advertising the State ROTC program at one university stated:

“NO MILITARY OBLIGATION incurred until the beginning of the Junior year of college Scholarships are not based on financial need 2.0 or better grade point average [required] You will spend no more than 2 to 4 hours per week with ARMY ROTC A 2nd Lieutenant fresh out of college on Active Duty makes \$29,405 per year in 1996. Part of this income is TAX FREE” [e.g., housing, extra pay for duty location].

Not all individuals who received the State ROTC waiver joined the military. Universities indicated that the rate at which cadets accepted commission varied from approximately 25 percent at Western to 65 percent at the University of Illinois at Chicago. The ROTC programs at Chicago State, Illinois State, Northeastern, SIU–Edwardsville, and the University of Illinois at Urbana did not provide relevant statistics.

- **Eastern:** “For FY 96, the Military Science Department awarded a total of 57 . . . State ROTC Scholarships. Forty-nine percent of those individuals did sign a contract with U.S. Army to pursue their commission as an officer in the United States Army, National Guard or Army Reserves.”
- **Northern:** “Forty-five percent of this semester’s [fall 1995] cadets were commissioned or remained in the ROTC program. Thirty-eight percent of this semester’s [spring 1996] cadets were commissioned or remained in the ROTC program.”
- **SIU–Carbondale:** “We do not track the historical data on percentage of recipients who become commissioned officers. In the Fall of 1995, 48 students in our program were awarded a partial or full ISS [Illinois State ROTC Scholarship]. Of these 48 students, 21 are still in the program or have graduated and become commissioned officers. This yields a percentage of about 44%.”
- **University of Illinois at Chicago:** “Approximately 65% of new students (either incoming freshman or transfer students) who begin ROTC, complete the program and become commissioned officers in the Active or Reserve Components.”
- **Western:** “Approximately 25% of the ROTC tuition waiver recipients are commissioned as officers.”

INCOMPLETE SELECTION RECORDS

The statute requires that applicants take annual exams and be selected based on grades and leadership ability; however, ROTC programs did not retain complete

records pertaining to the selection of ROTC waiver recipients. For these recipients, we could not assess compliance with waiver requirements, including that recipients be Illinois residents.

Eastern, Illinois State, and Western indicated that although selection records were not maintained by the ROTC detachments, they will be maintained in the future.

ROTC POLICIES

Few ROTC programs at State universities had written policies pertaining to tuition waivers, including their rationale for awarding more than ten waivers, splitting waivers, transferring unused waivers, and awarding waivers to first semester students.

- Illinois State's ROTC program had a policy and it permitted a maximum of 40 waivers, plus community college transfer students.
- Northern's ROTC program officials said the State statute was considered their policy and procedures and that they awarded 38 State scholarships (waivers) in fall 1995 and 40 in spring 1996.
- SIU–Carbondale's Army ROTC policy stated that the equivalent of 40 waivers per academic period may be awarded; the Air Force ROTC policy dated July 22, 1997 stated that a total of 40 one-year tuition waivers may be in force at one time.
- University of Illinois at Chicago and Urbana's ROTC program officials said their policy indicated that 40 waivers may be awarded. Since there were three detachments at the Urbana campus and one at the Chicago campus, that equals 160 annual ROTC waivers at the university.

RECOMMENDATION NUMBER 3**ROTC PROGRAM**

ROTC programs at State universities should develop written policies for State ROTC tuition waivers. The policies should be consistent with the statute, including limiting waivers to ten per university, and should require keeping complete records on waivers. If the statute is unclear, universities should seek clarification from the General Assembly.

RESPONSES

- Chicago State University: “The College of Arts and Sciences Dean will consult with IBHE and assure compliance with statutes that govern ROTC programs.”
- Eastern Illinois University: “The University agrees written procedures for State ROTC tuition waivers are necessary and will encourage cooperation to meet State requirements.”
- Illinois State University: “The Auditor General’s Report is based upon a random sample of waivers awarded during fiscal year 1996. Since that time, administrative responsibility for the University’s ROTC program has changed hands and the current administrator in charge has implemented policies to ensure consistent awarding and reporting of waivers.”
- Northeastern Illinois University: “Northeastern Illinois University is in agreement with this recommendation; however, NEIU does not offer ROTC as part of its academic curriculum. Students wishing to pursue that course of study enroll at a university offering ROTC, and that university evaluates and selects recipients. A list which identifies recipients by name, social security number, award amount, and session is forwarded to Northeastern Illinois University for entry into our computer system.”
- Northern Illinois University: “The University recognizes the importance of the ROTC programs. We believe that tuition waivers play a key role in attracting quality students to ROTC. We plan to seek clarification from the General Assembly regarding the number of waivers allowed.”
- Southern Illinois University: “In consultation with BHE, SIU will seek clarification of this statute from the General Assembly.”
- University of Illinois: “We agree that clarification of the statute governing the ROTC waiver program is needed. IBHE has agreed to seek that clarification from the General Assembly.”
- Western Illinois University: “Western Illinois University will develop written policies for State ROTC tuition waivers and will increase efforts to keep complete records on waivers. In addition, we will seek clarification from the General Assembly regarding the limit of waivers awarded. Although we have interpreted the statute to allow granting ten four-year waivers per year and feel that this number is necessary to maintain a viable ROTC program, WIU will comply with the provided clarification of the state statute.”

CHILDREN OF EMPLOYEES

State law authorizes 50 percent tuition waivers to children of university employees if their parent has been employed by the university for at least seven years (see Exhibit 3-4). The waivers are for undergraduate tuition for children under age 25 at the commencement of the academic year. This statute has been in effect since January 1, 1992.

Our random sample, which included 162 individuals who received this tuition waiver at State universities, showed the following (see Supplement for more information):

- Illinois State could not locate application forms on three recipients which would also have had the approval signature.
- Northern awarded this waiver to three individuals whose parents were employed for less than seven years, and the University of Illinois at Springfield (formerly Sangamon State University) awarded three such waivers, following the policy of the now defunct Board of Regents (see below).
- SIU–Edwardsville misclassified a waiver as a Children of Employee waiver when it should have been an Out-of-State waiver.
- University of Illinois at Springfield awarded one waiver to a child of an employee who was older than age 25 which is the age limit established by statute.

Although this statute, which was established in 1992, requires the parent to have seven years of university employment, the former policy of the defunct Board of Regents required only three years of university employment. Illinois State, Northern, and University of Illinois at Springfield were phasing out, but still following, this policy which is more generous than the statute.

The new State law (Public Act 90-282) which authorizes children of university employees to attend any State university starting January 1998, also requires the parent to have an aggregate of seven years of State college or university employment.

A “Board of Regents Governance Document” amended April 16, 1992 states that full-time civil service employees hired prior to September 1, 1992 may obtain a 50 percent tuition waiver for their children. Since the policy is silent on the employee’s minimum length of service, it implies all civil service employees are eligible. It adds

Exhibit 3-4 **CHILDREN OF EMPLOYEES WAIVER**

“Each year the Board of Trustees of the University of Illinois shall offer 50% tuition waivers for undergraduate education at any campus under its governance or supervision to the children of employees of the University who have been employed by the University for at least 7 years.” (110 ILCS 305/7f for University of Illinois; same requirement for other universities.)

[This law has been modified after the audit period. Effective January 1, 1998, children of university employees can attend any State university.]

that employees hired after that date need three years of full-time employment in the Regency Universities System.

When the State has established a statute which specifies the parameters of a benefit, policies enacted by State universities should not exceed those parameters. Continuing to follow the policy of the former Board of Regents exceeds the boundaries established by the General Assembly.

RECOMMENDATION NUMBER 4

CHILDREN OF EMPLOYEES WAIVERS

Illinois State, Northern, and University of Illinois at Springfield should require their employees be employed for seven years to be eligible for the 50 percent Children of Employee waiver as required by statute, rather than be employed for only three years as was the former policy of the defunct Board of Regents.

RESPONSES

- Illinois State University: “While statute authorizes 50 percent tuition waivers to children of university employees if their parent has been employed by the university for at least seven years, the separate Regency Waivers program was developed to provide a non-cash benefit to staff. Undergraduate students whose parents have been employed for more than three years but less than seven years pay half tuition.

The Illinois State University’s Board of Trustees, upon establishment in 1997, reviewed all Board of Regents’ policies and governance documents for applicability. Requiring individuals to be employed for three years prior to awarding a dependent child a fifty percent tuition waiver is the current policy of the Board of Trustees and is part of the University’s employee benefits plan. The Auditor General’s recommendation will be forwarded to the Board of Trustees for further consideration.”

- Northern Illinois University: “We concur with the recommendation as written. Note, however, that State universities have authority to establish institutional waivers in accordance with their Board policy.

As originally established by the previous Board of Regents and most recently revised in December 1997 by the Northern Illinois University Board of Trustees, children of NIU employees with less than seven years service may be eligible for institutional tuition waivers if they attend Northern Illinois University. These waivers will be reported separately from those allowed by statute and will be part of the 3% of undergraduate tuition limitation.

- University of Illinois: “University of Illinois at Springfield, formerly part of the Board of Regents (BOR) system as Sangamon State University, followed BOR policy relating to employee benefits. One such benefit was the eligibility for a 50% tuition waiver for qualifying dependent children of employees after three years of service. This policy was approved by BOR under their authority to designate use of institutionally funded tuition waivers. For several years, all dependent waivers were reported as institutional.

Responses continued on next page

RESPONSES (Continued)

The University of Illinois Board of Trustees continued the benefit to only those employees who had previously met the BOR criteria. Currently, dependent waivers for children of employees with seven or more years of service are reported as statutory and dependent waivers for children of employees with three to seven years of service are reported as institutional. The group of employees covered by the institutional extension will phase out during the four year period between the 1995-96 and the 1998-99 academic years.

Given the University's obligation to honor conditions of hire, the University's authority to make decisions regarding institutional waivers, the reporting practice followed, and the phase out of the policy, the University believes that it is compliant with statute and that no change in practice is appropriate."

GENERAL ASSEMBLY

Each member of the General Assembly may award two four-year scholarships (tuition waivers) every year: one to the University of Illinois and one to any other State university (see Exhibit 3-5). The tuition waivers may be split into one-year awards and be used for any level of study – undergraduate, graduate, or professional. This statute also waives matriculation, graduation, activity, term, or incidental fees.

The statute assigns two entities the responsibility to administer this program (105 ILCS 5/30-10). The University of Illinois administers the tuition waivers awarded to the three campuses of the University of Illinois while the State Board of Education (State Board) administers the waivers awarded to the other State universities.

State law requires that tuition waiver recipients be from the awarding legislator's district. Both the State Board and the University of Illinois required legislators to complete a nomination form whose preprinted language requires them to certify that the nominee is a resident of their district. The regulations of the University of Illinois Board of Trustees interpreted residency as follows:

"The residence of the parents, or of one parent if the other is deceased, or of the legal guardian, will be deemed the student's residence. This

**Exhibit 3-5
GENERAL ASSEMBLY WAIVER**

"Each member of the General Assembly may nominate annually 2 persons of school age and otherwise eligible, from his district; one shall receive a certificate of scholarship in the University of Illinois and the other shall receive a certificate of scholarship in any other State supported university designated by the member. Any member of the General Assembly in making nominations under this Section may designate that his nominee be granted a 4 year scholarship or may instead designate 2 or 4 nominees for that particular scholarship, each to receive a 2 year or a one year scholarship, respectively. . . .Any such scholarship for which a member has made no nomination prior to the expiration of the term for which he was elected shall lapse upon the expiration of that term." (105 ILCS 5/30-9)

determination applies to all students except those who register to vote in a district different from their parent(s).

“Without satisfactory evidence of residence in fact with a named guardian, the University will not accept as conclusive parental assertion that a son or daughter resides with such guardian.

“A student who gives a false or willfully misleading information relative to his/her residence for the purpose of obtaining a scholarship forfeits the scholarship and is liable to dismissal from the University or other disciplinary action.”

These regulations also state that the university is responsible for obtaining satisfactory proof of residency if official university records indicate a nominee’s address is outside the nominating legislator’s district.

“When a General Assembly member nominates a student for a scholarship, the member’s statement of the nominee’s residence will be accepted by the University unless official University records indicate an address for the nominee outside the nominator’s district. When the nominee’s residence is in doubt, before permitting the scholarship to become effective, it is the University’s duty to obtain satisfactory proof from the nominee that he/she resides within the district from which he/she seeks the scholarship.”
[emphasis added]

We took a random sample of individuals who received this tuition waiver at State universities and found that approximately 10 percent (19 of 194) of the waiver recipients in our random sample had addresses on the nominating form outside the awarding legislators’ districts (see Supplement for more information). The nomination form asked for the candidate’s name, address, and social security number and below it asked the legislator to certify the person was a resident of his or her district. We also checked recipients’ addresses against other university documents, such as transcripts.

- 6 of 59 waiver recipients sampled at the University of Illinois had addresses outside the awarding legislators’ districts. Furthermore, although these recipients’ addresses on their transcripts were not within the awarding legislators’ districts, there was no documentation of the university obtaining evidence that these nominees lived in the awarding legislators’ districts. As previously discussed, university policy states it is in the university’s duty to obtain satisfactory proof from the nominee that he/she resides within the district.
- 13 of 135 waiver recipients sampled at the remaining State universities had addresses outside the awarding legislators’ districts. The State Board did not determine if recipients live outside the awarding legislators’ districts.

Separately, our sample of waivers at Chicago State showed no nomination forms for one General Assembly waiver recipient. This form was the only required documentation for obtaining a General Assembly waiver. The State Board also did

not find that a legislator had awarded this General Assembly waiver in fiscal year 1996. After we informed Chicago State officials of this finding, they found the individual received a General Assembly waiver for fiscal year 1997 but did not find documentation that showed the individual received a General Assembly waiver for fiscal year 1996. (See Recommendation Number 6.)

The State Board did not have a written policy governing General Assembly tuition waivers. Policies should be established in writing especially considering some State Board practices go beyond statutory guidance.

- The statute authorizes the four-year tuition waiver to be split into four one-year waivers. The State Board, however, went further by granting legislators' requests to award waivers in increments of one semester by splitting a year into fall, spring, and summer semesters.
- The statute authorizes tuition waivers to be awarded during a legislator's term otherwise the nomination power lapses. The State Board has allowed the remainder of any four-year waiver that was only partially awarded (e.g., at least one semester out of four years was awarded) to be available to the legislator for use even after the term ended (i.e., in future terms). The State Board has also allowed a replacement legislator (e.g., due to death, resignation, election loss) of the same political party to use these remaining waivers. Only if no part of the four-year waiver was awarded did it expire at the end of the legislator's term. For *vacated* tuition waivers – waivers that were awarded but were not fully used by the recipients – the statute allows a replacement legislator from the same district to fill the vacancies.
- The statute requires nominations to be filed with the State Board not later than the first day of the semester. If a nominee fails to accept the nomination or does not meet admission requirements, a second person may be nominated by the middle of the semester (105 ILCS 5/30-10). The State Board has accepted first nominations after the semester started and some universities have not had a cutoff date for these waivers.

The State Board has computer information on tuition waiver recipients which is also kept manually. There was a record on individual legislators which showed the number of waivers used during the last several years only, although some waivers in our sample were carried over from as far back as 1971.

The University of Illinois had a computerized form for tracking awards by legislator which showed the history of awards. It listed all the waiver recipients, their name, social security number, waivers awarded each year by the legislator, beginning and end dates of awards, campus at which the waiver was used, and a column for comments. The oldest General Assembly waiver at the University of Illinois was from 1990.

The recipients of General Assembly waivers cannot be disclosed for the time frame we audited, July 1, 1995 to June 30, 1996. However, this statute has been changed

effective December 13, 1996 to permit disclosure of each recipient's name, address, university, academic major, and value of the waiver.

RECOMMENDATION NUMBER 5**GENERAL ASSEMBLY WAIVER POLICY**

The State Board of Education should develop written policies and procedures for awarding General Assembly Scholarships which conform with the statute. It should also keep complete historical records on scholarships awarded by individual legislators. Furthermore, the University of Illinois should implement its policy to follow up with nominees whose addresses are outside the awarding legislators' districts.

RESPONSES

- State Board of Education: "The State Board of Education will develop written policies and procedures for awarding General Assembly Scholarships which conform with the statute by July 1, 1998. Further, the State Board of Education will continue to use the current computerized system, ensuring complete historical records of individual scholarships are maintained."
- University of Illinois: "The University believes it is not obligated by state statute to examine the address of every nominee to determine if it is outside the awarding legislator's district. The University's policy requires such examination only in cases for which official University records indicate an address outside the nominator's district."

The current policy, approved by the University Board of Trustees in 1934, imposes internal obligations on the University beyond those required by state statute. The University of Illinois nomination form requires the legislator to certify to the University that the student resides in her/his district. In addition, recently-enacted legislation requires a nominated student to certify on a notarized waiver of confidentiality that his/her permanent address is located within the nominating legislator's district. The University of Illinois intends to revise its current policy to remove the requirement to seek proof from a nominee that she/he resides in the nominator's district, since she/he has certified to same."

CHILDREN OF VETERANS

Each county is annually entitled to award one scholarship (tuition waiver) to the University of Illinois for children of persons who served in the United States armed forces during a time of hostility (see Exhibit 3-6). This statute has been in effect since July 1, 1867 and exempts tuition for four consecutive years.

This tuition waiver is valid only at the University of Illinois which administers the program. The University of Illinois' application materials stated that "*Up to four scholarships per county are awarded each year, one for each of the following: World War II, the Korean Conflict, the Vietnam Conflict, and the Southwest Asia Conflict [Gulf War].*" The university asks counties to distribute the application for this waiver to

interested students and selects recipients according to the criteria below in order of priority; if there is no qualified candidate, the scholarship expires:

1. Child of a deceased veteran
2. Child of a disabled veteran
3. Candidate with highest ACT composite score

Our random sample, which included 22 individuals who received this waiver at the three University of Illinois campuses, showed the following:

- Four waivers at the University of Illinois at Urbana did not have documentation to show the parents were qualified veterans by having served in one of the conflicts named above (see Supplement for more information).
- The only such waiver in our sample at the University of Illinois at Springfield also lacked the same documentation. (See Recommendation Number 6.)

**Exhibit 3-6
CHILDREN OF VETERANS WAIVER**

“For each of the following periods of hostilities, each county shall be entitled, annually, to one honorary scholarship in the University, for the benefit of the children of persons who served in the armed forces of the United States: the Civil War, World War I, any time between September 16, 1940 and the termination of World War II, any time during the national emergency between July 24, 1950 and January 31, 1955, any time during the Viet Nam conflict between January 1, 1961 and May 7, 1975, and any time on or after August 2, 1990 and until Congress or the President orders that persons in service are no longer eligible for the Southwest Asia Service Medal.” (110 ILCS 305/9)

DCFS WAIVERS

The Department of Children and Family Services (DCFS) may select 24 recipients from children under its care to receive scholarships (tuition waivers) to attend a community college or public university in Illinois. Recipients are eligible for four years of tuition and fee waivers (see Exhibit 3-7).

A DCFS Scholarship Committee selects individuals who have completed four years at an accredited high school. To be eligible, the individual should satisfy all the following criteria:

- be a ward of DCFS
- be working to become independent
- be a high school graduate
- have an outstanding high school scholastic record
- submit transcripts and aptitude exam results (SAT, ACT, etc.)
- apply for other scholarships and benefits
- provide one-third of basic living cost from income, savings, or non-DCFS scholarships

**Exhibit 3-7
DCFS WAIVER**

“Each year the Department [DCFS] may select from among the children under care a maximum of 24 students, at least 4 of whom shall be children of veterans, who have completed 4 years in an accredited high school who shall be eligible for scholarships and fee waivers which will entitle them to 4 consecutive years of community college, university or college education.” (20 ILCS 505/8)

DCFS did not keep the summary rating form titled “DCFS Scholarship Worksheet” that was used to evaluate candidates; however, it had documents to show recipients met the criteria. DCFS officials said they shred these evaluation worksheets after individuals are selected for confidentiality reasons. (See Recommendation Number 6.)

SENIOR CITIZENS

State law authorizes senior citizens who are at least 65 years old to receive a tuition waiver if they are accepted for admission at any State university (see Exhibit 3-8). They need to be enrolled in regularly scheduled credit classes with space, and have annual income under the threshold amount in the “Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act.” The threshold amount was \$14,000 in fiscal year 1996.

Our random sample, which included eight individuals who received this waiver at the State universities, showed the following (see Recommendation Number 6):

- Both the Senior Citizen waivers sampled at Illinois State University did not have documentation showing the recipients’ income had been verified to ensure it was under \$14,000.
- Chicago State University also did not document that the income level was below \$14,000 for two of their three Senior Citizen waivers sampled (see Supplement for more information).

Exhibit 3-8
SENIOR CITIZENS’ WAIVER

“Each public institution of higher education shall permit senior citizens accepted for admission to enroll without the payment of tuition in regularly scheduled credit courses, other than credit courses designed specifically for senior citizens, provided that available classroom space exists and tuition paying students enrolled constitute the minimum number required for the course.” (110 ILCS 990)

TEACHERS EDUCATION WAIVERS

State law authorizes tuition waivers to recipients who agree to take courses to prepare for teaching children with disabilities (see Exhibit 3-9); this is also known and reported as a special education waiver. Recipients are eligible for tuition and fee waivers for four years.

The statute for this program also requires recipients to teach in a school in the State for at least two of the five years following graduation. A recipient who does not fulfill their commitment has to repay the amount of their tuition waiver:

“Any such person who fails to fulfill this teaching requirement shall pay to the [Illinois Student Assistance] Commission the amount of tuition waived by virtue of his or her acceptance of the scholarship, together with interest at 5% per year on that amount.” (110 ILCS 947/65.15(d)).

Our random sample included 107 individuals who received this waiver at State universities.

- One of the six recipients sampled at Chicago State University did not have the required certificate from the Illinois Student Assistance Commission. In fact, the Commission, which selects these recipients, had no record of awarding a waiver to this individual. When we informed Chicago State officials of this finding, they were unable to provide any documentation that the recipient was entitled to this waiver.

Exhibit 3-9 TEACHERS EDUCATION WAIVER
<p>“There shall be awarded annually at the end of each school year 250 scholarships to persons qualifying as members of either of the following groups:</p> <p>(1) Students who are otherwise qualified to receive a scholarship . . . who make application to the Commission for such scholarship and agree to take courses that will prepare the student for the teaching of children described in Section 14-1 of the School Code.¹</p> <p>(2) Persons holding a valid certificate issued under the laws relating to the certification of teachers and who make application to the Commission for such scholarship and agree to take courses that will prepare them for the teaching of children described in Section 14-1 of the School Code.”</p> <p>¹105 ILCS 5/14-1 (repealed). (110 ILCS 947-65.15)</p>

- One of the 24 waiver recipients at Illinois State University was misclassified as receiving a Teachers Education waiver since the person actually received a General Assembly waiver. (See Recommendation Number 6.)

OTHER STATES

We conducted a survey of other states about their tuition waiver programs (see Appendix E). Thirty of 38 other states and territories that responded to our survey indicated they have also established waivers in statute which are similar to Illinois. These statutory waiver programs included the following:

- Employees and dependents: 5 states (a few states reported giving employees and dependents an institutional waiver)
- National Guard: 8 states
- Senior citizens: 17 states
- Veterans: 13 states
- Dependents of deceased veterans, police officers, and firefighters: 11 states

States responding to our survey that did not have statutory waivers were Alaska, Colorado, Delaware, Idaho, Iowa, Montana, New York, and Vermont.

CONCLUSION

Each State agency should ensure that all tuition waivers that it awards comply with State laws. State universities’ eligibility and selection criteria for waivers should specify applicable mandates, and compliance with the mandates should be

adequately documented. Examples of lacking documentation have been discussed in the chapter and include the following:

- Chicago State lacked a nomination form for a General Assembly waiver; the nomination form was the only required documentation for obtaining a waiver.
- Chicago State did not have the required certificate from the Illinois Student Assistance Commission for one Teacher Education recipient and the Commission had no record of awarding a waiver to this recipient.
- Chicago State also did not document that the income level was below \$14,000 for two of their three Senior Citizen waivers sampled.
- Illinois State also did not have documentation showing the Senior Citizens sampled had income below \$14,000.
- Illinois State misclassified one recipient who received a General Assembly waiver as receiving a Teachers Education waiver.
- University of Illinois did not document that the parents of four recipients of the Children of Veterans' waiver were qualified veterans by having served in one of the conflicts named in the statute.
- DCFS did not keep the summary rating form titled "DCFS Scholarship Worksheet" that was used to evaluate candidates.

RECOMMENDATION NUMBER 6	WAIVER DOCUMENTATION
<p><i>Each State university and the Department of Children and Family Services should maintain complete selection records on individuals awarded a tuition waiver.</i></p>	
RESPONSES	
<ul style="list-style-type: none"> • Chicago State University: "The Financial Aid Director will maintain complete selection records of all waiver recipients." • Eastern Illinois University: "The University agrees to maintain complete selection records on individuals selected to receive a tuition waiver." • Illinois State University: "The University concurs in this recommendation." • Northeastern Illinois University: "Northeastern Illinois University agrees with this recommendation. The University will continue to maintain the records of individuals the Department of Children and Family Services identifies as being eligible to receive a tuition waiver." 	
<p>Responses continued on next page</p>	

RESPONSES (Continued)

- Northern Illinois University: “We concur with the recommendation.”
- University of Illinois: “The University will work with the Illinois Board of Higher Education to develop appropriate protocols and to improve our reporting processes.”
- Western Illinois University: “We concur with the above recommendation. All efforts will be made to maintain complete selection records of tuition waiver recipients in accordance with the Records Retentions Schedules from the Illinois State Records Commission.”
- Department of Children and Family Services: “DCFS will maintain a copy of the “DCFS Scholarship Worksheet” in the ward’s information file, which is confidential in its entirety. DCFS will certify the student’s waiver eligibility to the respective university in order to protect the clients’ confidential information.”

Chapter 4

INSTITUTIONAL WAIVERS

State universities' management of tuition waivers was decentralized and often delegated to academic departments. One-fourth of the institutional tuition waivers in our random sample lacked complete records of the award process. Approximately 20 percent lacked a written application. The eligibility and selection criteria for institutional tuition waivers was minimal and 21 percent of the waivers sampled lacked written criteria. Information on applicants who were rejected for a tuition waiver was not available to determine whether the best applicants were selected.

TYPES OF WAIVERS

More than \$106 million (91%) of \$117 million in tuition waived during fiscal year 1996 was for institutional waivers. Exhibit 4-1 shows the number and amount of institutional waivers by university. The University of Illinois campuses awarded approximately \$76.8 million (72%) of \$106 million in institutional waivers.

Institutional waivers are awarded at the discretion of State universities which control the selection criteria and determine the number, dollar amount, and length of award. These differ from statutory waivers where statutes specify the eligible recipients (e.g., children of employees, children of veterans, senior citizens) or which are awarded by an external organization (e.g., DCFS, General Assembly, Illinois Student Assistance Commission).

Exhibit 4-2 shows institutional waivers were awarded to employees, dependents of staff, students with talents, graduate students, and students from outside Illinois.

Exhibit 4-1
INSTITUTIONAL WAIVERS BY UNIVERSITY
Graduate and Undergraduate Combined
Fiscal Year 1996

UNIVERSITY	NUMBER	AMOUNT
Chicago State	878	\$726,139
Eastern	1,349	\$1,699,110
Governors State	411	\$429,004
Illinois State	3,394	\$3,891,866
Northeastern	1,659	\$1,158,876
Northern	4,155	\$6,847,970
SIU-Carbondale	4,123	\$9,423,544
SIU-Edwardsville	2,731	\$2,915,429
U of I - Chicago	4,430	\$20,609,939
U of I - Springfield	506	\$515,198
U of I - Urbana	10,112	\$55,686,818
Western	1,893	\$2,287,068
<i>Adjustment*</i>	<i>0</i>	<i>\$2,613</i>
TOTAL	35,641	\$106,193,574

* Adjustment for Western's timing difference.
SOURCE: State universities' data summarized by OAG.

SELECTION PROCESS

Each State university had its own procedure for determining the number of waivers available, for awarding waivers, and for keeping records on waivers. Generally, the process may be summarized as follows (see Exhibit 4-3):

- Universities determined three percent of potential undergraduate tuition revenue as the maximum amount available for undergraduate waivers. There was no limit for graduate waivers, although some universities indicated the amount of available funds influenced the number of graduate waivers.
- The amount available was allocated to various colleges or departments using a formula, past practice, or committees.
- Academic departments used their own application and award procedures.
- Records were kept at different locations that included the financial aid office, business office, accounting office, budget office, individual waiver programs, and academic departments.

WAIVER PROGRAM	NUMBER	AMOUNT
Graduate Assistantships	15,000	\$75,550,353
Graduate College Waivers	1,444	\$7,491,239
Athletic	1,852	\$5,445,241
Academic	3,567	\$4,728,196
Faculty/Administrators	1,913	\$2,413,043
Cooperating Teachers	3,671	\$1,771,828
Support Staff (Civil Service)	2,399	\$1,756,808
Out-of-State	853	\$1,374,478
Other – Talent	837	\$1,270,891
Other	633	\$1,017,828
Foreign Students	202	\$883,595
Student Service	678	\$757,688
Foreign Exchange	290	\$681,731
Fellowships	158	\$568,782
Contract Training	480	\$449,864
Graduate Merit	681	\$401,361
University Waivers	179	\$456,583
College of Law	83	\$219,608
Graduate Federal Program	283	\$175,948
Dependents of Staff	88	\$109,452
Miscellaneous	76	\$76,963
BOG Need Based	102	\$49,192
Interinstitutional	54	\$42,730
Graduate Need	42	\$40,396
Dependents of Deceased Staff	17	\$30,274
Field Supervisors	16	\$23,088
Passau Waiver	9	\$6,661
Co-Team Waiver	25	\$6,488
High School Concurrent	9	\$1,575
<i>Adjustments*</i>	<i>0</i>	<i>(\$1,608,310)</i>
TOTAL	35,641	\$106,193,574

* Adjustments made to amount waived to eliminate double counting and for timing differences.
SOURCE: State universities' data summarized by OAG.

Exhibit 4-3 SUMMARIZED PROCESS FOR AWARDING WAIVERS Graduate and Undergraduate Combined Fiscal Year 1996				
University	Deciding Total Waivers	Allocating To Colleges/Departments	Application Procedure	Location Of Records
Chicago State	Budget Director determines total dollars available for waivers.	Oversight committee allocates amount to programs.	Students apply directly to academic department.	<ul style="list-style-type: none"> • Financial Aid • Business Office • Programs
Eastern	President's Council and Budget Director decide total waivers available.	Formula used to allocate waivers to departments.	Departments determine who has desired talents.	<ul style="list-style-type: none"> • Departments • Financial Aid • Accounting
Governors State	Waivers vary little from year to year but university tries to stay under 3%.	Same allocation each year.	Students complete application form.	<ul style="list-style-type: none"> • Financial Aid • Business Operations
Illinois State	University projects 3% of revenue for waivers. Graduate Assistantships determined by budget.	Provost allocates to waiver programs; colleges negotiate specific amount.	Students apply directly to waiver programs.	<ul style="list-style-type: none"> • Financial Aid • Benefits Office • ROTC • Academic Advisement Office
Northeastern	University projects waivers based on potential tuition revenue.	Allocations are based on prior year, adjusted for changes in tuition rates.	Applicants follow college/department procedures.	<ul style="list-style-type: none"> • Budget Office • Departments • Student Records • Accounting
Northern	Tuition Waiver Committee recommends total waivers for year at 3%. Approximately 100 new academic graduate waivers annually.	Departments request allocation of waivers. Graduate waivers are based on department enrollment.	Application procedures vary by college/department.	<ul style="list-style-type: none"> • Departments • Financial Aid • Honors Program • Bursar
SIU- Carbondale	University establishes maximum amount for undergraduate waivers.	Allocations based on prior year budget, adjusted for changes in tuition rate.	Students apply to departments which have their own procedures.	<ul style="list-style-type: none"> • Budget Office • Financial Aid • Accounting
SIU- Edwardsville	University sets the total amount available at 3% for waivers and divides the amount by two semesters' tuition to determine the number of waivers available.	Provost allocates waivers.	Applications are standard for most waivers.	<ul style="list-style-type: none"> • Provost/College • Student Records System • Financial Aid • Accounting
U of I - Chicago	3% of potential tuition revenue is available for undergraduate tuition waivers. Graduate College oversees graduate waivers.	Amount of dollars determines allocation.	Application procedures vary by waiver program.	<ul style="list-style-type: none"> • Departments • Financial Aid • Student aid management system
U of I - Springfield	3.5% of total tuition assessment (undergraduate and graduate) is used to cap institutional waivers.	No general allocation but athletics gets \$50,000 and minority support program may award four waivers.	Application procedures vary.	<ul style="list-style-type: none"> • Financial Aid • Athletic Office • Graduate Office • Human Resources • Minority
U of I - Urbana	3% of potential tuition revenue is available for undergraduate tuition waivers. Trustees set the number of graduate waivers for non-graduate assistants.	No general allocation; waivers allocated to maximize impact.	Application procedures vary by program.	<ul style="list-style-type: none"> • Departments • Government Relations Office • Student Accounts Receivable System • Accounting • Financial Aid
Western	Total waivers are based on enrollment and funds for graduate stipends.	Tuition Waiver Committee recommends amount for non-athletic programs. Graduate waivers determined by Graduate Studies, Dean, and departments.	Students apply to departments which have own procedures.	<ul style="list-style-type: none"> • Departments • Financial Aid • Accounting

SOURCE: State universities' data summarized by OAG.

WAIVERS SAMPLED

We reviewed a random sample of 1,087 institutional waivers worth \$1,941,154. The waivers were reviewed to determine if the university had applications, written criteria, decision documents, and contracts when applicable. Not all documents were applicable for all waiver programs. For example, applications may not have been completed by athletes being recruited by coaches. Selection criteria may not have been required for some exchange students. Contracts were only required for some athletes, ROTC, and graduate assistantships.

State universities lacked complete records on 25 percent of institutional tuition waivers in our random sample. Approximately 20 percent of the institutional tuition waivers sampled lacked a written application and 21 percent lacked written criteria. Seven percent of the institutional tuition waivers sampled lacked written documentation of the decision to award the waiver and five percent lacked a required written contract.

State universities had considerable difficulty gathering information on the process for awarding waivers. Universities generally did not keep central files on tuition waivers, except for the University of Illinois at Springfield. Not having records in one location also makes it difficult for the universities to know if waiver recipients went through adequate application, evaluation, selection, and decision processes.

The results of our sample are detailed by university in the Supplement to the audit report, while Exhibit 4-4 summarizes institutional waivers which lacked records.

University	Missing Written Application		Missing Written Criteria		Missing Decision Records		Missing Contract		Waivers Missing At Least One Record	
Chicago State	21	27%	24	31%	16	18%	0	0%	36	41%
Eastern	2	4%	10	13%	1	1%	1	3%	12	13%
Governors State	8	13%	7	9%	1	1%	0	0%	13	16%
Illinois State	11	18%	14	16%	17	22%	1	3%	30	32%
Northeastern	28	41%	36	41%	30	33%	1	9%	40	43%
Northern	8	15%	9	10%	4	4%	0	0%	13	14%
SIU–Carbondale	4	5%	22	26%	0	0%	1	11%	24	26%
SIU–Edwardsville	7	28%	8	9%	0	0%	1	6%	11	12%
U of I – Chicago	54	76%	65	72%	0	0%	0	0%	67	71%
U of I – Springfield	1	1%	1	1%	0	0%	0	0%	1	1%
U of I – Urbana*	1	1%	4	4%	4	4%	3	43%	4	4%
Western	9	17%	14	17%	0	0%	3	8%	17	18%
TOTAL/Average %	154	20%	214	21%	73	7%	11	5%	268	25%
* In addition to not finding written criteria for four percent of the waivers randomly sampled at the University of Illinois at Urbana, there were no program-specific criteria to select graduate assistants at the university. University officials said the only criteria was acceptance into the graduate program and appointment to an assistantship position.										
SOURCE: OAG random sample of university tuition waiver records.										

In addition to these issues, the Supplement shows tuition waivers with specific problems, such as the following:

- Chicago State allowed Cooperating Teachers to use waivers after they had expired. These waivers are valid for one year.
- Chicago State's list of tuition waiver recipients provided to us for fiscal year 1996 included an individual who was not enrolled at the university; her last class taken was in 1994 according to the transcript. The university had no award documents (e.g., application, decision) for her. There was a second individual on the tuition waiver recipient list for whom neither university accounting records nor student account records indicated she received a waiver; she was, however, enrolled as a paying student.
- Eastern provided blank certificates (recipient not named) to Cooperating Teachers who had earned a tuition waiver. Furthermore, the certificates were not numbered for control purposes.
- Western provided tuition waivers to several individuals instead of paying them money for their services.

APPLICATION AND CRITERIA

State universities did not have written application forms for 154 of 774 institutional waivers in our random sample (20 percent). Furthermore, universities had established few eligibility and selection criteria for awarding institutional tuition waivers; statutory tuition waivers had criteria established in statutes.

Much of the criteria that existed for institutional waivers could be classified as eligibility criteria rather than selection criteria. Eligibility criteria are the minimum requirements that applicants should meet to become a part of the pool of candidates from which the best will be selected. Eligibility criteria may include status as a full-time student, State residency, acceptance into a specific academic program, and/or being in the top specified percentile of the high school graduating class.

To choose from a pool of eligible students, selection criteria is necessary, such as grade point average, aptitude test scores (SAT, ACT, GMAT), extracurricular activities, reference checks, interview results, and/or demonstration of skills (e.g., acting, artistic, athletic, debate, music).

A few universities provided specific eligibility or selection criteria for graduate assistantships: Illinois State University, SIU–Carbondale, University of Illinois at Chicago, and University of Illinois at Springfield. The box below provides an example of a program with specific selection criteria.

EVALUATION

The individuals who evaluated tuition waiver applicants (e.g., faculty and administrators) did not maintain complete documentation of their evaluation, as shown in Exhibit 4-4. The records that were maintained could not demonstrate that applicants who best met the criteria were selected and that applicants rejected did not meet criteria or were less qualified. Complete records can also serve to defend the university by providing documentation if there are claims of favoritism or discrimination.

ILLINOIS STATE UNIVERSITY

Accounting Teaching Assistantship

This program had detailed criteria and required students to sign a contract.

- B.A. in Accounting
- GMAT score of at least 475
- Undergraduate GPA of at least 3.0
- Professional certification (e.g., CPA, CMA)
- Relevant business or teaching experience
- Student's statement of academic or professional goals
- References

Some programs did have good records. For example, SIU–Carbondale had faculty evaluations and ranking sheets for some graduate assistants. The University of Illinois at Springfield kept comprehensive records for graduate assistants selected, although they did not provide records on rejected applicants. Its records included the following:

- detailed application form
- written essay from applicant
- letters of reference
- personnel services form
- eligibility checklist for each semester which had space for noting whether the following were satisfied: work plan, course hours, grade point average, and performance evaluation.

If universities had information on rejected applicants, it would also show the percentage of total applicants who were selected and indicate the competitiveness of the selection process. For example, if most applicants were awarded a tuition waiver, it may indicate that competition needed to be enhanced to improve the quality of recipients.

Some waiver recipients in our random sample earned grades of D and F in courses taken while receiving a waiver or had a cumulative grade point average (GPA) that was below 2.0 on a 4.0 scale (see Supplement to this report which also shows graduate students with cumulative GPA below 3.0). Exhibit 4-5 shows the percent of students in our sample whose cumulative grade point average was 2.0 or below, 3.75 or above, and average cumulative GPA of students sampled.

AWARD PROCESS

The management of tuition waiver programs at State universities was often decentralized. Many waiver programs or academic departments had their own procedures for awarding waivers. Tuition waiver programs that spanned more than one academic department, such as graduate assistantships or academic waivers,

could be awarded differently by departments. This resulted in inconsistencies in the application process and documentation. Furthermore, incomplete records existed on some waivers awarded.

Universities need to improve controls and ensure consistency in the award process. They can begin by identifying the various tuition

and fee waiver documents used by their academic departments and waiver programs. Such documents would include application forms, eligibility and selection criteria, recommendation and decision forms, and contracts.

Appendix D provides examples of university documents and processes that we came across during the audit which could be useful to other tuition waiver programs. They include materials pertaining to advertising waiver programs, along with the application process documents noted above.

One method of improving control and consistency would be for each university to develop a university-wide tuition and fee waiver checklist for institutional waivers. The checklist would help ensure that waivers awarded are supported by complete documentation and approvals, such as the following:

- Application form which includes applicant’s reason for requesting a waiver.
- Eligibility and selection criteria.
- Evaluations that demonstrate that criteria were met.
- Recommendation and decision to award waiver.

A checklist can also help track waivers which have “maintenance” requirements to ensure they are being fulfilled, such as maintaining a specified minimum grade point average or taking a certain number of classes to make progress towards a degree.

Exhibit 4-5			
GRADE POINT AVERAGE OF WAIVER RECIPIENTS SAMPLED			
Graduate and Undergraduate Combined			
University	GPA of 2.0 and Below	GPA of 3.75 and Above	Average GPA of Recipients Sampled*
Chicago State	13.8%	26.8%	3.04
Eastern	2.8%	32.9%	3.35
Governors State	3.3%	58.2%	3.55
Illinois State	7.3%	31.8%	3.21
Northeastern	4.3%	44.9%	3.44
Northern	2.6%	31.8%	3.31
SIU–Carbondale	7.3%	34.0%	3.20
SIU–Edwardsville	6.3%	35.7%	3.24
U of I – Chicago	5.6%	33.1%	3.23
U of I – Springfield	3.1%	26.5%	3.40
U of I – Urbana	3.1%	38.5%	3.35
Western	9.1%	34.3%	3.20

NOTE: To the extent possible, students’ cumulative GPA on the university transcript was used, often for their last semester in Fiscal Year 1996. Only students in the sample with applicable GPA’s were included (e.g., students who dropped all classes were not included).
 *Includes all waiver recipients in our random sample, not just those with cumulative GPA of 2.0 and below and 3.75 and above.
 SOURCE: OAG summary of waivers sampled.

In addition, the State Records Act requires State agencies, which are defined in the Act to include universities, to keep complete records:

“The head of each agency shall cause to be made and preserved records containing adequate and proper documentation of the organization, functions, policies, decisions, procedures, and essential transactions of the agency designed to furnish information to protect the legal and financial rights of the state and of persons directly affected by the agency’s activities.”
(5 ILCS 160/8)

OTHER MANAGEMENT CONTROLS

Besides developing policies and procedures regarding tuition waivers which can serve as effective management controls, universities need to improve their management controls over data entry of tuition waivers, as well as conduct internal audits of tuition waivers.

DATA ENTRY

State universities generally lacked adequate management controls over the entry of tuition waivers into the computer system. Adequate controls can include written procedures, supervisory review, verification by the individual or department that authorized the waiver, and other monitoring such as internal audits.

The Supplement to this audit report contains specific information on each university’s management controls. Such controls can help protect against unauthorized tuition waivers being issued because entry of tuition waiver information in the computer system was the last step in receiving a waiver.

Controls can be strengthened by requiring that data entry procedures be written and kept current, and contain responsibilities of data entry personnel, define data that should be entered, and describe controls that exist. Controls can also be strengthened by requiring supervisory review to ensure that only authorized waivers are entered into the system, by documenting the supervisory review that was conducted, and by having audit trails to show changes made after data entry.

INTERNAL AUDITS

During fiscal years 1994-1996, State universities did not conduct internal audits of tuition waiver programs. The only exception was Chicago State University which had internal auditors review the award process and accounting of waivers. Internal audits can help identify control weaknesses and monitor program performance. If audits had been conducted, they may have checked for compliance with State laws and university policies, and determined if the waiver programs were accomplishing their intended goals.

Tuition waivers warrant periodic auditing given that \$117 million of \$507 million in tuition was waived during fiscal year 1996 and given the number of issues raised in this audit. A lack of internal audits was not compensated with other evaluations, as universities reported performing only two reviews in fiscal year 1996:

- Northern evaluated the compensation for the Cooperating Teachers program which recommended they be distributed from one central location, be valid for two years, and receive tuition waivers for up to six hours.
- University of Illinois at Chicago summarized the characteristics of 194 undergraduate tuition waiver recipients from selected programs in 1995-96. These characteristics showed the number of waivers by ethnicity, GPA, gender, ACT score, and college (e.g., arts, business, education, engineering, nursing).

WAIVERS IN LIEU OF COMPENSATION

Determination number six of the Audit Resolution asks “If tuition waivers are granted in lieu of compensation, what contractual or other provisions govern the agreement.” Five State universities indicated that they awarded tuition waivers in lieu of compensation and they went to Cooperating Teachers who supervise students becoming teachers. Of these five universities, Chicago State had a contract with Cooperating Teachers and Eastern stated they had contracts with the school districts which had provisions that specified their responsibilities. The other universities provided Cooperating Teachers a certificate of award which could be exchanged for a tuition waiver.

- Governors State said Cooperating Teachers were awarded tuition waivers for up to three credit hours.
- Illinois State provided Cooperating Teachers a stipend unless they requested a tuition waiver.
- Northern said Cooperating Teachers were awarded tuition waivers in lieu of compensation.
- Western’s policy authorized waivers to Cooperating Teachers in lieu of compensation because the university viewed these waivers as a tool to encourage continuing education and aid recruitment.

Northeastern, Southern, and University of Illinois said they did not award tuition waivers in lieu of compensation.

CONCLUSION

Tuition and fee waivers may accomplish universities' goals of recruiting students with talent or diverse backgrounds, making higher education affordable, or using graduate assistants to provide services at a lower cost, but consistency and controls over tuition waivers needs to be improved as tuition waivers approximated \$117 million in fiscal year 1996. These controls should include improving the documentation and monitoring of the award process through a university-wide tuition waiver checklist, written procedures and supervisory review over entry of tuition waivers in the computer system, and internal audits of waivers to determine compliance.

Complete written records are also necessary to formalize the process that is used to award tuition and fee waivers. A formal award process can ensure that applicants submit written applications with an explanation of why they were requesting waivers, that applicants are evaluated against written criteria, that evaluations are documented to demonstrate all applicants were considered fairly and equitably, and that documents are retained to support recommendations and decisions.

RECOMMENDATION NUMBER 7**CONTROLS OVER WAIVERS**

Each State university should establish adequate controls over institutional tuition waivers and conform with the following:

- ***Establish written eligibility and selection criteria.***
- ***Maintain complete selection records on all tuition waiver applicants, including application forms, evaluation instruments, and decision documents.***
- ***Retain records on rejected applicants.***
- ***Establish a university-wide checklist for tuition waivers.***
- ***Develop written procedures for entering tuition and fee waivers into the university computer system that require documenting supervisory reviews.***
- ***Conduct internal audits of tuition and fee waiver programs.***

RESPONSES

- Chicago State University: “The Provost will coordinate and maintain the waiver records as specified in this recommendation.”
- Eastern Illinois University: “The University will increase its efforts to establish adequate controls over institutional tuition waivers and maintain complete records on all tuition waivers awarded.”
- Illinois State University: “The University has begun to address some of these findings. The Graduate School developed a prototype tuition waiver checklist for each college in the tracking of tuition waivers during fiscal year 1998. The Financial Aid Office has consulted with the Planning and Policy Studies Office on the feasibility of management information systems for tracking waiver recipients. Other improvements will be addressed as a result of this audit and subsequent coordination with the Illinois Board of Higher Education.”
- Northeastern Illinois University: “Northeastern Illinois University agrees with this recommendation and will take the appropriate steps to ensure that institutional waiver programs conform with the Office of the Auditor General’s recommended criteria.”
- Northern Illinois University: “The tuition waiver program is extremely important to the University. As a result, President La Tourette has named a committee to develop procedures for allocating waivers and standard policies governing their management. Policies will be implemented no later than July 1, 1998.

We plan to review all waiver programs to ensure documentation standards for waiver eligibility, selection, and rejection are adequate. Additionally, we will develop a checklist which must be completed prior to entering waivers into the billing system. Reports of waivers credited to students’ accounts will be developed which will facilitate supervisory review.

The University internal auditor will schedule periodic reviews of the tuition and fee waiver programs to ensure compliance with the standards established.”

Responses continued on next page

RESPONSES (Continued)

- Southern Illinois University: “SIU concurs with this recommendation. With guidance from BHE where required, we will develop written procedures and controls for the items listed in the recommendation.”
- University of Illinois: “The University will work with the Illinois Board of Higher Education to develop appropriate protocols and to improve our reporting processes.”
- Western Illinois University: “We concur with the above recommendation. The primary focus of the WIU working group will be to develop written policies and procedures for each waiver program to establish adequate controls over institutional tuition waivers. These procedures will document selection criteria, policies on maintaining selection records and records on rejected applicants, where applicable, along with detailed procedures for applying waivers to our university computer system with appropriate supervisory review.”

Chapter 5**IMPACT OF WAIVERS**

From 1990 to 1996, the dollar amount of tuition waivers awarded by State universities increased 27 percent for undergraduates and 74 percent for graduate students. In fiscal year 1996, approximately \$94 million (57 percent) of all graduate tuition was waived by universities; \$23 million (7 percent) of undergraduate tuition was waived.

During these six years, tuition rate at State universities increased at a higher rate (42 percent undergraduate and 35 percent graduate) than the 23 percent increase in the Higher Education Price Index. Tuition revenue also comprised a larger proportion of instructional cost. Undergraduate tuition revenue comprised 46 percent of instructional cost in 1996, up from 40 percent in 1990; graduate tuition revenue comprised 29 percent of instructional cost in 1996, up from 23 percent in 1990.

Although a significant amount of tuition is waived, universities generally commented that tuition waivers have had minimal, if any, impact on tuition rates. Universities noted that in many cases, if students had not received the waivers, they may not have attended the university, and thus, would not have paid any tuition and fees. Universities also noted that some waivers may actually reduce their operating costs.

As noted throughout this report, the present system of granting waivers is decentralized with minimal external reporting and review of the nature, type, and cost of individual universities' waiver programs. Neither the IBHE nor the individual universities have formally studied the impact of waivers. Given the large amount of tuition waived, the General Assembly may wish to consider requiring universities to report annually on the purpose, cost, and benefits of each waiver program.

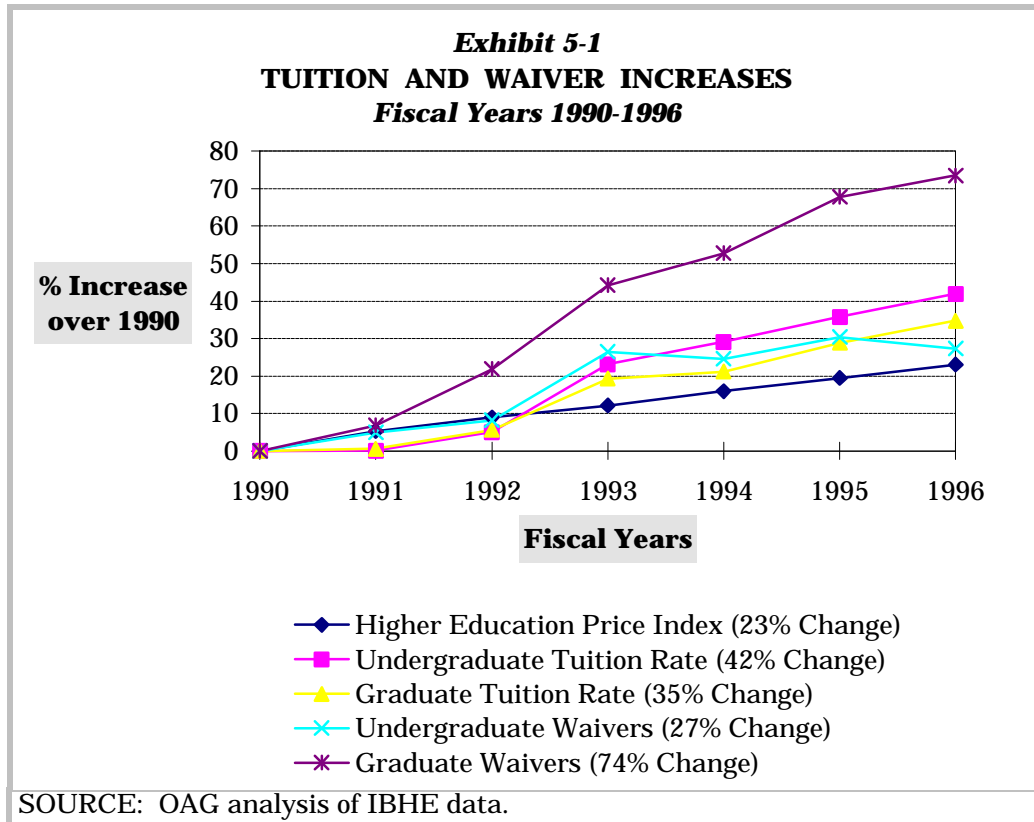
TUITION AND WAIVER INCREASES

Since 1990, the dollar amount of graduate and undergraduate waivers has increased. According to IBHE data, graduate waivers increased from \$44,856,500 in fiscal year 1990 to \$77,832,640^A in fiscal year 1996 (73.5 percent). Undergraduate waivers increased at a slower rate, from \$16,313,400 in fiscal year 1990 to \$20,772,700 in fiscal year 1996, a 27.3 percent increase.

^A The \$77,832,640 for graduate waivers values all graduate assistants at the University of Illinois at the in-state tuition rate to ensure consistent comparison over time because, prior to fiscal year 1994, the university reported all graduate waivers at the in-state tuition rate to the Illinois Board of Higher Education.

State universities waived more than one-fifth (23 percent) of total tuition revenue during fiscal year 1996 as tuition revenue (which for accounting purposes includes tuition waivers) was \$507 million and tuition waivers were \$117 million. In 1996, approximately \$94 million (57 percent) of all graduate tuition charges were waived by State universities; \$23 million (7 percent) of undergraduate tuition was waived. When tuition is waived, revenue is foregone and may need to be made up with other sources, such as paying students, and may impact the cost of tuition.

Tuition rates have also increased over the past six years. As shown in Exhibit 5-1, undergraduate tuition rate increased 42% while graduate tuition rate increased 35% percent. Notably, the percent increase in undergraduate tuition waivers (27 percent) was less than the increase in undergraduate tuition rate (42 percent) during these six years. Conversely, graduate waivers increased at a much higher rate (74 percent) than did the graduate tuition rate (35 percent).



As shown in Exhibit 5-2, tuition revenue has also accounted for a larger percentage of instructional cost in recent years. In 1996, undergraduate tuition revenue comprised 46 percent of instruction costs, up from 40 percent in 1990. IBHE Administrative Code stipulates that undergraduate instructional costs should comprise only one-third of undergraduate instructional costs. Graduate tuition revenue comprised 29 percent of instructional cost in 1996, up from 23 percent in 1990.

There are many factors which can increase tuition, one of which is inflation. As shown in Exhibit 5-1, the Higher Education Price Index (HEPI) increased at a lower rate over the past six years than either waivers or tuition rates. HEPI is a commonly used index to measure increases in the cost of higher education, similar to the consumer price index commonly used to measure increases in the cost of general goods and services sold.

Another factor which can increase tuition is reduction in other funding sources. A major source of funding is general funds appropriated by the State. From fiscal year 1990 to 1996, general funds appropriated to higher education increased only 13 percent. During this time, net tuition revenue (revenue minus bad debts and minus tuition waivers) increased 34 percent.

Exhibit 5-2 CHANGES IN TUITION COST		
Undergraduate	<u>FY90</u>	<u>FY96</u>
• Average Instructional Cost	\$4,48	\$5,512
• Average Annual Tuition Rate*	8	\$2,549
• Tuition as a Percent of Instructional Cost	\$1,79	46%
	6	
	40%	
Graduate		
• Average Instructional Cost	\$9,24	\$9,929
• Average Annual Tuition Rate*	7	\$2,908
• Tuition as a Percent of Instructional Cost	\$2,14	29%
	3	
	23%	
Other Indices	<u>FY90-96</u>	
• Higher Education Price Index	23%	
• General Funds	13%	
• Net tuition Revenue**	34%	
*Full-time tuition rate for State residents.		
**Tuition revenue minus bad debts and minus tuition waivers.		
SOURCE: IBHE's 1996 and 1997 "Review of Trends in Tuition and Fees and Student Financial Aid."		

A 1996 General Accounting Office report on higher education found that Illinois' in-state tuition was \$523 higher than the national average, making it the 15th most expensive state in terms of in-state tuition. The report concluded that national tuition rates were rising faster than household income.

IMPACT OF WAIVERS: UNIVERSITIES

In general, universities responded that tuition waivers had minimal, if any, impact on tuition rates. Universities cited several factors to support their conclusions. A common theme was that if students had not received the waivers, they may not have attended the university, and thus, would not have paid any tuition and fees. Typically, students who receive waivers pay at least a portion of their fees, and may also pay some tuition. According to the IBHE, enrollment at State universities has declined from 198,481 in 1990 to 192,319 in 1996. Universities may be granting waivers to students to fill excess capacity that would otherwise have gone unused.

Some universities also noted that waivers may actually reduce their operating costs. For example, graduate assistants may teach courses. If they were paid a stipend, as opposed to be given a waiver, the cost to the school may be higher.

Some points made by universities are bulleted below, followed by their specific comments (except for IBHE whose entire response is provided). No response was

provided by Chicago State University. Universities' entire comments are in the Supplement to this audit report which has a section on each university.

◆ **Illinois Board of Higher Education** responded as follows:

“If tuition and fee waivers were not granted and students currently receiving waivers continued to attend a public university and pay the stated tuition and fee rate, the following could occur:

- the amount of tuition and fees formerly waived would be available for institutions in the form of tuition and fee revenue,
- tuition rates could be lowered (assuming that resource requirements and state funds support are sustained at current levels) and/or
- resource requirements for state-funded, need-based student financial aid programs would increase.

It is not possible to predict the degree to which enrollments would be affected if waiver programs were abolished. The effects would likely vary by institution.”

◆ **Eastern Illinois University** said it was difficult to predict the impact of tuition waivers on tuition rates.

“If the students would continue to attend the University without the waiver, then more tuition revenue would be available, allowing for overall tuition rates to be lower per student.

However, if these students would leave the University given tuition waivers were not provided, then there would be very little impact on the amount of tuition charged to other students. It is difficult to predict which of Eastern's students receiving waivers fall into either of the above categories.”

◆ **Governors State University** said it had the lowest percent of waivers and waivers had not increased its tuition rate.

“The presence of tuition waivers has not led to any corresponding increases in our tuition or fees. In fact, a comparison of data for FY 94 shows that GSU has the lowest percent of graduate tuition waived of any of the state universities: only 7% of graduate tuition was waived at GSU, while at another of the state universities 76% was waived. A total of 5 universities waived over 50% of their graduate tuition, 4 waived between 25% and 50%, and 3 waived less than 25%.”

◆ **Illinois State University** said a program to substitute scholarship grants for tuition waivers would shift program costs and have no net effect on tuition.

“We know that eliminating talent tuition waivers would decrease enrollment, especially among the academically talented. They would simply enroll at another institution that provides such financial aid and recognition. We do not know the corresponding impact on specific course sections offered and resulting marginal cost increases.

Tuition waivers play an important role in the University's overall program to achieve specific objectives and pursue its mission. Unilateral elimination of these important programs would result in decreased demand that would increase the price for remaining

students. A program to substitute scholarships and grants for waivers on a statewide basis simply shifts the costs of the programs and would have no effect on net tuition rates.”

- ◆ **Northeastern Illinois University** said tuition waivers do not impact tuition rates at Northeastern.

“Tuition waivers have no impact on tuition rates at Northeastern. The rate of tuition is established independently of the tuition waiver programs. Undergraduate and graduate students who might not otherwise be able to attend Northeastern are attracted by the offer of waivers which will reduce the amounts they will have to borrow.”

- ◆ **Northern Illinois University** said tuition costs are set in a competitive market which has more influence on tuition rates than tuition waivers.

“The availability and administration of tuition waivers at Northern Illinois University provides an effective avenue which increases student access, provides recognition and encouragement of excellence, and affords the university cost effective means for the delivery of educational programs and services. In many cases these awards are the determining factors which allows students with limited resources to attend the university. This is particularly true of many minority student recipients. By emphasizing excellence and achievement in the general award criteria, the university sends a strong message to high school and non-traditional students and offers them an incentive and goal in their preparation for college.

As a result, the university believes that the current level of tuition waivers offered by the institution has no negative impact on tuition costs or on the costs charged students who do not receive tuition waivers. Indeed, in some cases, the availability of tuition waivers may actually reduce overall costs to students. It is important to understand that tuition waivers are awarded ‘at the margin,’ and to a relatively small proportion of the student body. The cost of a college education (infrastructure and personnel) would not be significantly affected by the absence of tuition waivers. Moreover, tuition costs are set in a competitive market, and the constraints of that market have more influence on rates than any effect of tuition waived.”

- ◆ **Southern Illinois University** said graduate waivers do not increase the burden on tuition-paying graduate students but have the opposite effect.

“The impact undergraduate waivers have on the tuition paying students appears to be minimal in terms of dollar costs. With a 3% waiver limit the effect is necessarily fairly small when spread over the entire student body, and from experience we have learned that the majority of the students receiving tuition waivers would attend another institution if we did not offer the tuition waivers.

Institutional support for graduate students, including tuition scholarships, does not increase the burden on tuition paying graduate students, quite the opposite. Because of their intellectual excellence and other unique skills and diverse perspectives, graduate students receiving institutional support:

- enrich the academic life of the university for other graduate students, undergraduates and faculty; and
- help the university meet its teaching, research, and service missions in a cost effective manner that broadens its reach and strengthens its programs.”

- ◆ **University of Illinois** said that if a stipend was given to graduate students instead of a tuition waiver, it would have cost another \$11 million.

“More than 75% of the total dollar value of all waivers granted by the three University of Illinois campuses falls into the third category just mentioned – that is, in the form of tuition waivers to graduate assistants who perform teaching, research or other functions. If the University did not provide tuition waivers to assistants, it would have to compensate them by increasing their stipends for the services which they provide.

Under present tax law, the value of tuition waivers provided to graduate assistants is non-taxable, while stipend payments are fully taxable. To provide the same cash value . . . the amount paid to assistants in lieu of tuition waivers would need to be approximately 18% greater than the value of the waivers they now receive.

For FY 1996 the value of tuition waivers provided to graduate assistants approximated \$63 million. It would therefore have required more than an additional \$11 million to provide stipend supplements in lieu of waivers to these assistants.”

- ◆ **Western Illinois University** said the key is to assure that waivers are presented to students who would not otherwise enroll.

“Adding a certain number of students who pay reduced tuition (or no tuition at all) might have no discernible effect on other students’ costs because classes can vary somewhat in size with no significant variation in costs. The key here is to assure that the waivers are presented to students who would not otherwise enroll.

Tuition and many fees are levied to address fixed costs, such as the cost of retiring bonds or meeting certain expenses that do not vary significantly with enrollment. If enrollment declines, the per capital charge for remaining students must increase. Over several years, this could easily lead to a spiral of increasing costs and declining enrollments. Using a tuition waiver to recruit a student who will pay some portion of tuition and fees would in this case actually save other students money.

Tuition waivers granted for, say, the freshman year, or even the freshman and sophomore years, would bring income in the junior and senior years that would substitute for a tuition increase for other students.

If there is excess demand for admission to the University, tuition and fee waivers would of course increase costs to other students. However, the public universities in Illinois currently have excess capacity for several thousand additional students.”

IMPACT OF WAIVERS: OTHER STATES

We conducted a survey of all other states about tuition waivers (see Appendix E) in which we asked for their comments. Several states made pertinent comments about the impact of tuition waivers which are presented below.

- ◆ **Hawaii** noted that tuition revenue no longer goes to general funds but is now retained by universities and many legislatively mandated waivers have been eliminated.

“In the last two years, the Hawaii state legislature has made changes to University tuition and tuition waiver laws. The University is still struggling to adjust. In the past, tuition revenue went directly to the state’s General funds and the University received appropriations from the General funds to cover its operating expenses. Beginning FY96, the University of Hawaii retains its tuition and fee revenue and the General funds appropriations were severely reduced. Because the tuition waiver represents foregone revenue and many of the previously legislatively mandated tuition waivers were eliminated, the University of Hawaii has revised its tuition waiver policy.”

- ◆ **Nebraska** indicated that it was a problem that most of the waivers did not go to needy students.

“Most of Nebraska’s tuition waivers DO NOT go to needy students. The Commission [for Postsecondary Education] believes this is a problem and is requesting that, for any new waiver funds, at least 50% of those new funds should be allocated to needy students.”

- ◆ **Virginia** stated that generally waivers increase the cost of attendance but are beneficial.

“Individual institutions have done studies [on tuition waivers]. Generally, the conclusion is that the waivers increase the cost of attendance for non-participants but the benefits outweigh the increased cost. For example, benefits include increased diversity in student population, increased funds for financial aid, and more opportunities for economic development In general, institutions view tuition and fee waivers as a way to increase the funds available for financial aid.”

IMPACT OF WAIVERS: PEER UNIVERSITIES

We conducted a second survey of institutions that Illinois public universities identified as being their peers for academic comparisons (see Appendix F). These peer universities were asked similar questions as the other states. Their comments are presented below and their Illinois peer university is named in parentheses:

- ◆ **Northwestern University** (University of Illinois at Urbana)
“If we do not continue to provide need-blind admission, we would not have the diverse ethnic and economic student body we now have. Since the cost to an undergraduate education at Northwestern exceeds the tuition rate, we think it is defensible that some portion of our unrestricted and restricted funds be used to support financially needy students.”
- ◆ **University of Hawaii at Manoa** (University of Illinois at Chicago)
“Tuition waivers, particularly those based on financial need, are critical to educational access. The University of Hawaii has refocused its attention to this area.”
- ◆ **University of Southern California** (University of Illinois at Urbana)

“Over the next year, we will probably eliminate the spousal remission program and any employee courses that do not relate to the job or professional development.”

- ◆ **West Virginia University** (Northern Illinois University)
“Much of our attention has centered on: Waivers as related to student recruitment, retention, and completion; and the financial impact of waivers on the institution.”
- ◆ **Kent State University** (Northern Illinois University)
“This employee benefit is highly valued by those who use it. Occasionally we hear negative comments from members of the community, but most people realize this is a legitimate part of our faculty and staff compensation package.”
- ◆ **Montana State University – Bozeman** (Northern Illinois University)
“Any discounting of tuition for any group of students results in higher tuition for other students.”

CONCLUSION

In fiscal year 1996, State universities waived approximately \$117 million in tuition for students who had talent, to graduate assistants who provided services, and to students who were financially needy. They also awarded waivers to encourage diversity and to attract minority students.

As discussed in this chapter, many factors, including tuition waivers, impact the cost of tuition at state universities. However, as universities noted, there are various costs and benefits associated with granting waivers. There is also the uncertainty as to whether a particular student would have attended the university (and thus would have actually paid tuition) if a waiver had not been given. Consequently, it is difficult to isolate the impact of tuition waivers on tuition charged. However, given the large amount of tuition waived annually by State universities and the continuing increase in tuition rates, it is important to routinely examine the need for, and amount of, waivers that are awarded.

Presently, there is no requirement for universities to assess the impact of waivers. Neither the IBHE nor the individual universities conducted any studies on the impact of tuition waivers. The last IBHE report on graduate waivers was done in 1989. The IBHE noted in a September 24, 1997 memo to the OAG that its Committee to Study Affordability recommended (in November 1994) that programs that distribute student assistance based on criteria other than financial aid be reviewed; however, a comprehensive review of all programs had not been done.

Given the lack of statewide oversight and few legal requirements over waivers, an annual reporting requirement may provide useful oversight information for the IBHE and members of the General Assembly. Basic information, such as the purpose and intended benefits of each waiver program, the number and cost of the waivers, and the eligibility and selection criteria, would help provide the IBHE and the General Assembly with information to assist in their oversight of public universities in Illinois.

MATTER FOR CONSIDERATION BY THE GENERAL ASSEMBLY
ANNUAL REPORT ON WAIVERS

The General Assembly may wish to consider requiring State universities to annually report to the Illinois Board of Higher Education the following information for each tuition waiver program: justification of the need for the waiver program, intended purpose and goals, eligibility and selection criteria, cost of the waiver program, and any benefits resulting from the program. Based on this information, the IBHE should submit an annual report to the General Assembly.

RESPONSE

- Illinois Board of Higher Education: “The Board of Higher Education is prepared to collect such information on tuition and fee waivers and report to the General Assembly.”

Chapter 6**STATEWIDE WAIVER ISSUES**

There were few statewide requirements and controls over tuition waivers that State universities could grant and over the administration of these programs. Consequently, many inconsistencies and variations were found in university waiver programs. Universities established many waiver programs themselves but they lacked comprehensive waiver policies. Approximately 80 percent of tuition waived went to graduate students for whom waivers were not limited.

STATEWIDE WAIVER REQUIREMENTS

Few statewide requirements regulate and guide State universities' use and administration of tuition waivers. Two types of statutory requirements existed. The first were those associated with specific statutory waivers. As discussed in Chapter 3, State statutes establish certain specific waiver programs, such as ROTC and General Assembly waivers. These statutory waivers accounted for less than ten percent of total waivers awarded by State universities.

The second was Public Act 89-307 which is the only other State statute specifically addressing waivers (effective January 1, 1996). The Act authorizes the Boards of individual universities to waive that percentage of its undergraduate tuition that is authorized under the tuition waiver limitation established in regulations promulgated by the Illinois Board of Higher Education (IBHE). There is no similar statutory authorization for graduate waivers. According to the IBHE, the basic authority of universities to waive tuition is provided to the universities through their statutory power to set tuition rates.

As noted in prior chapters, and as will be discussed in this chapter, universities' use and administration of waiver programs varied. Given these differences, coupled with the large amount of tuition waived, additional statewide guidance and control over waivers may be desirable.

UNDERGRADUATE WAIVERS: THREE PERCENT LIMIT

The only limit on the amount of tuition a university can waive applies to undergraduate tuition. Public Act 89-307 states that waivers to individuals with athletic, academic, or other abilities are subject to the IBHE limitation established in regulations (see Exhibit 6-1). IBHE's current policy limits tuition waivers at each State university to three percent of undergraduate tuition charged and waived, excluding waivers given to civil service employees (see Exhibit 6-2). The current

policy, established in 1988, is in the “Master Plan Policies for Illinois Higher Education.”

The IBHE, however, has not established its current three percent limit on undergraduate institutional tuition waivers in regulations, as required by State law. Rather, IBHE regulations contain an outdated policy which limits tuition waivers to two percent of fall full-time enrollment. (23 Ill.Adm.Code 1070.401 (b))

WAIVERS NOT SUBJECT TO THREE PERCENT LIMIT

Public Act 89-307 excludes any waivers from the IBHE limit if a statute exempts the program from the limit. In addition, the IBHE excludes statutory waivers and civil service waivers. The statute for two programs that specifically excludes them from the IBHE limit are as follows:

1. The Sports Equity waivers program, created by statute effective July 19, 1995, is intended to help achieve gender equity in intercollegiate athletics by allowing each university to waive an additional one percent of tuition income, as shown below.

“ . . . public institutions of higher education may grant, in addition to any such amounts previously authorized by the Board [IBHE], tuition waivers in an amount not to exceed 1% of all tuition income.

Intercollegiate athletics, for purposes of this Section, shall include only those sports sanctioned by the National Collegiate Athletic Association and the National Association of Intercollegiate Athletics, but shall not include club sports.” [emphasis added] (110 ILCS 205/9.24)

2. The statute for 50% tuition waivers to Children of Employees also excludes the program from the IBHE limit. The statute states: “*No partial tuition waiver offered or allocated to any eligible applicant in accordance with the provisions of this Section shall be charged against any tuition waiver limitation established by the Illinois*

**Exhibit 6-1
PUBLIC ACT 89-307**

“In addition to any tuition waivers that the Board of Trustees offers that are exempt by statute from any tuition waiver limitation established by the Illinois Board of Higher Education, the Board of Trustees is authorized to waive, for individuals with the requisite athletic, academic, or other abilities, that percentage of its undergraduate tuition that is authorized under the tuition waiver limitation established in regulations promulgated by the Illinois Board of Higher Education. If in any fiscal year the Board of Trustees issues undergraduate tuition waivers to individuals in an aggregate amount exceeding the aggregate tuition waiver amount authorized for that fiscal year under the tuition waiver limitation established by the Illinois Board of Higher Education, the University’s budget request for the succeeding fiscal year may be reduced by the Illinois Board of Higher Education by an amount equal to that tuition waiver excess.” [emphasis added] (110 ILCS 305/7g for University of Illinois; same requirement for other universities)

**Exhibit 6-2
IBHE POLICY ON WAIVERS**

“Undergraduate institutional tuition waivers shall be limited to three percent of the total of an institution’s undergraduate tuition charged and waived. This policy does not include Universities’ Civil Service employees. Tuition waivers may be awarded to eligible Civil Service employees of institutions according to the guidelines established by the Universities Civil Service Merit Board.”

SOURCE: IBHE “Master Plan Policies for Illinois Higher Education.”

Board of Higher Education" (110 ILCS 305/7f for University of Illinois; same requirement for other universities).

CIVIL SERVICE WAIVERS

IBHE policy excludes tuition waivers given to civil service employees from the three percent limit. The IBHE has recognized the "Merit Board Policy Relating To Employee Benefits" of the State Universities Civil Service System which states that waivers shall be awarded to eligible employees of agencies named in the State Universities Civil Service Act (110 ILCS 70/36e). The agencies named are: Illinois public universities, State Universities Civil Service System, State Universities Retirement System, Illinois Student Assistance Commission, Illinois Board of Higher Education, Illinois Community College Board, and State Community College of East St. Louis. All employees of these organizations are eligible except the following:

- (1) The members and officers of the Merit Board and the board of trustees, and the commissioners of the institutions and agencies covered hereunder;
- (2) The presidents and vice-presidents of each educational institution;
- (3) Other principal administrative employees of each institution and agency as determined by the Merit Board;
- (4) The teaching, research and extension faculties of each institution and agency;
- (5) Students employed under rules prescribed by the Merit Board, without examination or certification."

The IBHE has not defined in the Technical Questions who should be considered a civil service employee and, therefore, not be subject to the three percent limit. This definition is needed because employees could be university employees or they could be employees of agencies named in the State Universities Civil Service Act. Universities varied in whom they included as receiving Civil Service waivers in their Technical Questions report to the IBHE.

- Chicago State, Eastern, and Northeastern included civil service employees of agencies named in the State Universities Civil Service Act in their Civil Service waivers which were not subject to the three percent limit.
- Governors State and University of Illinois at Springfield, however, did not include employees of these other agencies in its Civil Service waivers, but placed them in other waiver categories which resulted in these waivers being counted toward the IBHE three percent limit. Officials at the University of Illinois at Springfield said that waivers to employees of other agencies caused them to exceed the three percent limit in fiscal year 1996.

A definition could help universities consistently report these waivers and ensure that all universities are treated equally when calculating the three percent limit on tuition waivers.

STATUTORY WAIVERS

Statutory waivers are excluded by the IBHE in practice from the three percent limit. However, neither State law nor IBHE policy specifically excludes them with the exception of one statutory waiver program (Children of Employees). The IBHE excludes statutory waivers from the limit because they are mandated by State law and universities have to award these waivers without discretion. The programs considered by IBHE to be statutory waivers are: Children of Employees, Children of Veterans, DCFS, General Assembly, ROTC, Senior Citizens, and Special Education.

BUDGET REDUCED FOR EXCEEDING LIMIT

Public Act 89-307 states that universities waiving more than the IBHE limit on undergraduate waivers may have their budget reduced by the amount of excessive tuition waivers. The universities that exceeded the three percent limit in fiscal years 1994-96 are shown in Exhibit 6-3. The IBHE reported that six universities exceeded the limit in fiscal year 1994 while only two universities exceeded the limit in fiscal year 1996; their budgets are subject to reduction by the amount exceeding the three percent limit.

Exhibit 6-3 UNIVERSITIES EXCEEDING WAIVER LIMIT		
University	Percent Waived	Amount Over 3%
Fiscal Year 1994		
Western	5.1%	\$416,100
SIU-Carbondale	4.1%	\$460,800
SIU-Edwardsville	4.1%	\$156,100
Chicago State	3.5%	\$54,300
Illinois State	3.3%	\$104,600
U of I – Springfield	3.1%	\$3,200
Fiscal Year 1995		
SIU-Carbondale	4.0%	\$372,200
U of I – Springfield	3.7%	\$26,000
Illinois State	3.3%	\$104,800
Northern	3.3%	\$123,000
Fiscal Year 1996		
Northern	3.7%	\$286,700
U of I – Springfield	3.1%	\$2,800
SOURCE: Illinois Board of Higher Education.		

SIU-Edwardsville officials said that they bought back 110 tuition waivers worth \$146,530 and indicated it was to stay in compliance with the three percent IBHE limit for fiscal year 1996. The funds used to buy back the waivers came from the university's General Administration Account. These students had received waivers under the Chancellor's Scholars Program, Provost Scholars Program, and Dependents of Deceased Employees.

RECOMMENDATION NUMBER 8**IBHE TUITION WAIVER POLICY**

The Illinois Board of Higher Education should update its regulations to reflect its current three percent waiver limit. Furthermore, its regulations should specifically address which waiver programs are included and excluded from this three percent limit, such as statutory waivers and Civil Service waivers. Finally, the IBHE should define Civil Service waivers.

RESPONSES

- Illinois Board of Higher Education: “The Board of Higher Education will review its waiver policies and regulations and ensure that the two are consistent. The Board also will clarify the definition of Civil Service waivers in the tuition and fee waiver accounting and reporting guidelines being developed in conjunction with the public universities.”
- Illinois State University: “The University will provide all requested information to the Illinois Board of Higher Education.”
- University of Illinois: “The University will work with the Illinois Board of Higher Education to develop appropriate protocols and to improve our reporting processes.”

GRADUATE WAIVERS: NO LIMIT

Unlike the IBHE three percent limit on undergraduate institutional tuition waivers, there was no statewide policy limit on graduate waivers. Of the approximately \$117 million in tuition waived during fiscal year 1996, 80 percent was for graduate students (see Exhibit 6-4). In terms of fiscal year 1996 tuition revenue reported to the IBHE, graduate waivers were \$94 million while graduate tuition revenue was \$71 million. Comparatively, undergraduate waivers were \$23 million while undergraduate tuition revenue was \$320 million.

Graduate students often received tuition waivers at State universities (see examples below). Some tuition waivers may be a condition of obtaining a research grant while other graduate students may provide services, such as teaching, conducting research, or performing other duties at the university. A September 6, 1989, IBHE study on graduate tuition waivers stated that *“Factors such as university mission, grant and contract funding, the number of students with financial need, and the number and type of graduate programs offered affect the extent to which graduate waivers are used and the types of waivers awarded.”*

- Illinois State University awarded waivers to graduate students who could not obtain a graduate assistantship: *“The general policy of this [Political Science] Department is to encourage graduate students to apply for positions as graduate assistants When one is not chosen as a graduate assistant consideration for a tuition waiver is more or less automatic.”*

Exhibit 6-4
GRADUATE WAIVERS
Fiscal Year 1996

University	Number	Tuition Revenue	Tuition Waived	% Waived *
Chicago State**	463	\$2,542,500	\$233,220	8%
Eastern	938	\$1,389,100	\$1,057,067	43%
Governors State	309	\$3,177,900	\$336,776	10%
Illinois State	2,636	\$1,567,000	\$2,686,646	63%
Northeastern**	1,585	\$2,453,000	\$921,800	27%
Northern	3,299	\$4,755,400	\$4,573,895	49%
SIU–Carbondale	2,825	\$5,148,200	\$7,712,385	60%
SIU–Edwardsville	2,244	\$3,430,100	\$2,396,784	41%
U of I – Chicago	3,779	\$22,930,100	\$19,771,212	46%
U of I – Springfield	341	\$2,192,300	\$349,225	14%
U of I – Urbana	8,106	\$18,563,000	\$52,285,962	74%
Western	1,277	\$2,394,700	\$1,611,350	40%
TOTAL	27,802	\$70,543,300	\$93,936,322	57%

* For accounting purposes, universities reported total tuition revenue as the sum of tuition revenue plus tuition waived. Percent waived is calculated by dividing tuition waived by total tuition revenue. For example, percent of graduate total tuition waived is derived by adding tuition revenue (\$70,543,300) and tuition waived (\$93,936,322) which sums to \$164,479,622. Graduate tuition waived (\$93,936,322) divided by total tuition revenue (\$164,479,622) yields 57% graduate tuition waived.

** University could not separate graduate and undergraduate waivers in data provided to the Office of the Auditor General; therefore, their report to the IBHE is used.

NOTE: Some numbers may differ due to rounding.

SOURCE: University and IBHE data summarized by OAG.

- University of Illinois at Chicago responded regarding the criteria that they had for selecting teaching assistants that they “. . . offered teaching assistantships to nearly all of the students we admit. The only students who are not admitted with TA offers are students with some sort of academic deficiency . . . and those who have explicitly stated that they do not require teaching assistantships. Teaching assistantships are guaranteed for two years, as long as the recipients make satisfactory progress towards the degree. Depending upon our budget, we are sometimes able to offer TA's to third-year students who have not found research assistantships or other funding. Such awards are based mainly on progress towards the degree.”
- University of Illinois at Urbana awarded over 75 percent of its graduate students a tuition waiver (8,106 out of 10,577). The application for graduate school had a section which asked if the applicant wanted to be considered for financial assistance and the type of aid desired: assistantship, fellowship, or tuition and fee waiver. No further application for a tuition waiver or graduate assistantship was required as at other State universities.

UNIVERSITY ESTABLISHED WAIVER PROGRAMS

The vast majority of the \$106 million in institutional waivers awarded by universities were from programs established by individual universities, without any approval or review from an external entity. Universities waived almost \$95 million in tuition under these programs during fiscal year 1996 (see Exhibit 6-5).

Many of these university established waiver programs were common across all universities, such as graduate assistants, cooperating teachers, and waivers for faculty and administrators.

There were, however, others which were not common at all universities. For example, the University of Illinois offered waivers to employees of "Allied Agencies." These are agencies affiliated with the university and must be chartered to provide some service to the university, such as the alumni association, foundation, federal government agencies, and some non-profit organizations.

Allied Agencies' employees received 85 waivers worth \$118,400 in fiscal year 1996, the largest being 42 waivers for U.S. Army Construction Engineering Research Lab, 25 waivers for U.S. Geological Survey, and 8 waivers for U.S. Department of Naval Sciences. The university had written agreements with 5 of 16 Allied Agencies but none with these three federal agencies that received the most Allied Agency waivers.

Some universities had formal programs to give waivers to out-of-state students of bordering states. For example, Western Illinois University gave waivers totaling \$317,476 to out-of-state students in fiscal year 1996. Western charged these students in-state tuition rates and waived the out-of-state portion. Southern Illinois University also had a waiver program for out-of-state students from bordering states but reported that it was being discontinued in fiscal year 1997.

Universities established these institutional waiver programs without any external approval or review, such as by the IBHE. The amount of such waivers was often limited only by funds available or by the IBHE undergraduate three percent limit. The IBHE stated that universities' authority to waive tuition was inherent in their authority to set tuition rates. Universities cited their authority to waive tuition was generally governing board policy or internal university policy.

Exhibit 6-5				
UNIVERSITY ESTABLISHED WAIVER PROGRAMS				
Fiscal Year 1996				
CHICAGO STATE		AMOUNT	SIU-CARBONDALE (continued)	
Cooperating Teachers		85,680		AMOUNT
Faculty/Administrators		23,561	Out-of-State	119,016
Foreign Students		33,495	University Waivers [Other]	93,151
Graduate Assistantships		41,741	SIU Tuition Waiver [Scholarship]	1,011,038
Student Service		52,407	Sub-Total	\$8,472,914
Sub-Total		\$236,884	SIU-EDWARDSVILLE	
EASTERN		AMOUNT	AMOUNT	
Cooperating Teachers		175,978	Contract Training	122,158
Co-Team Waiver		6,488	Cooperating Teachers	407,009
Dependents of Deceased Staff		9,763	Dependents of Deceased Staff	4,518
Faculty/Administrators		40,896	Faculty/Administrators	56,149
Foreign Students		192,537	Foreign Students	487,985
Graduate Assistantships		574,338	General Practice Residents [Other]	18,200
Passau Waiver		6,661	Graduate Assistantships	607,045
Sub-Total		\$1,006,661	Graduate Federal Programs	105,196
GOVERNORS STATE		AMOUNT	Graduate Minority [Other]	27,332
Interinstitutional		34,280	Interinstitutional	8,450
Cooperating Teachers		23,178	Out-of-State	595,348
Faculty/Administrators		28,995	Sub-Total	\$2,439,390
Graduate Assistantships		177,524	U OF I - CHICAGO	
Minority [Other]		21,539	AMOUNT	
Sub-Total		\$285,516	Cooperating Teachers	67,756
ILLINOIS STATE		AMOUNT	Exchange	69,716
Cooperating Teachers		202,339	Faculty/Administrators	1,062,437
Dependents of Staff		85,353	Graduate Assistantships	15,932,384
Faculty/Administrators		94,661	Graduate College Waivers [Other]	1,914,423
Foreign Students		166,978	University Waivers [Other]	168,927
Graduate Assistantships		1,560,172	Sub-Total	\$19,215,643
Miscellaneous [Other]		75,665	U OF I - SPRINGFIELD	
Retired Staff [Other]		2,812	AMOUNT	
Sub-Total		\$2,187,980	Cooperating Teachers	332
NORTHEASTERN		AMOUNT	Faculty/Administrators	26,235
BOG Need Based		49,192	Foreign Students	2,600
Cooperating Teachers		35,871	Graduate Assistantships	202,889
Faculty/Administrators		23,896	UIS Waiver [Other]	120,914
Graduate Assistantships		156,000	Sub-Total	\$352,970
Graduate Federal Programs		70,752	U OF I - URBANA	
Graduate Merit		401,361	AMOUNT	
Graduate Need		40,396	Cooperating Teachers	180,185
Sub-Total		\$777,468	Faculty/Administrators	727,221
NORTHERN		AMOUNT	Field Supervisors	23,088
College of Law [Other]		219,608	Foreign Exchange	612,015
Cooperating Teachers		373,559	Graduate Assistantships	46,409,435
Dependents of Staff		13,455	Graduate College	5,576,816
Employee Survivor Waiver		9,113	High School Concurrent	1,575
Faculty/Administrators		112,037	Out-of-State	342,638
Graduate Assistantships		2,522,944	Related Agency [Other]	126,953
Other Universities' Employees [Other]		4,209	Staff Related [Other]	58,751
Retirees [Other]		3,396	Student Service	705,281
Sub-Total		\$3,258,321	University Waivers	194,505
SIU-CARBONDALE		AMOUNT	Sub-Total	\$54,958,463
Contract Training		327,706	WESTERN	
Cooperating Teachers		85,210	AMOUNT	
Dependents of Deceased Staff		6,880	Cooperating Teachers	134,731
Faculty/Administrators		169,309	Dependents of Staff	10,644
Fellowships		568,782	Faculty/Administrators	47,646
Graduate Assistantships		6,091,822	Graduate Assistantships	1,274,059
			Fund for Improvement of Post Secondary Education [Other]	7,380
			Out-of-State	317,476
			Sub-Total	\$1,791,936
			TOTAL	\$94,984,146

NOTES: (1) University data submitted to the Office of the Auditor General and to the IBHE did not always contain the same names of tuition waiver programs or the same amount waived; data reported to OAG used to the extent possible.
(2) Program names in brackets are the program names that universities reported to the OAG.
SOURCE: OAG analysis of State universities' data.

SIMILAR PROGRAMS ADMINISTERED DIFFERENTLY

State universities administered similar tuition waiver programs differently with varying documentation, requirements, and benefits. As noted in previous chapters, selection criteria and other tuition waiver records varied by university with many programs having minimal criteria. Below are other examples of differences in how waiver programs were administered:

- Waivers to Cooperating Teachers (who supervise students in the field as they become teachers) were administered differently by State universities. These differences included hours waived, time limit for using waivers, number of students to supervise for receiving waivers, rules for transferring waivers to other individuals, and stipend to be given (see Exhibit 6-6).

Exhibit 6-6 COOPERATING TEACHERS		
University	Description	Time Limit
Chicago State	One graduate course waiver per year for supervising – average supervision was 220 hours per semester.	1 year
Eastern	Three hour graduate waiver for supervising 15 credit hours. In addition, for every 5 waivers that Cooperating Teachers earned, the principal of the school building received a three-hour waiver. A \$75 stipend was also paid per student supervised (maximum stipend of \$150).	1 year
Governors State	Three hour tuition waiver for 15 weeks of full-time supervision for one trimester. Mandatory fees were also waived.	1 year
Illinois State	School district given a one-hour tuition waiver for supervising each student. In addition, Cooperating Teachers are paid a \$65 stipend. A Cooperating Teacher may ask that the stipend be replaced with a three-hour tuition waiver (15 stipends were exchanged in FY96).	3 semesters
Northeastern	Three hour tuition waiver for supervising one student for 80 hours, or two students for 40 hours. The waiver could be transferred.	1 year
Northern	Three hour tuition waiver for supervising.	1 year
SIU– Carbondale	Up to 12 hours of tuition waivers in one semester. Provided a \$75 stipend. No fees waived.	1 year from issuance
SIU– Edwardsville	Three hour tuition waiver for supervising. Waiver could be transferred.	3 calendar years
University of Illinois	Tuition and fee waiver for each semester usually after 45 hours of supervision. In some cases, one of eight waivers may be assigned to district employees.	4 consecutive academic terms
Western	Three hour tuition and fee waiver for supervising each full-time student.	1 year or 3 academic terms

SOURCE: Illinois State universities.

- Time off provided to employees to attend tuition-free classes varied at State universities:

- Chicago State limited excused time for taking classes to four hours per week at the supervisor’s discretion for civil service personnel. Faculty and administrators were not allowed excused time.
 - Eastern encouraged supervisors to approve time off for employees to take classes if it did not interfere with regular duties.
 - Governors State encouraged enrolling in courses outside scheduled work hours, but if classes were during work hours, employees could make up the missed time by working outside of regularly scheduled hours or by using accumulated vacation time.
 - Illinois State did not require making up the time used to take classes if it was work related.
 - Northeastern did not offer the option for excused time during work hours.
 - Northern allowed making up the time or using vacation hours to take classes during work hours.
 - SIU–Carbondale allowed making up the time or using vacation hours to take classes during work hours.
 - SIU–Edwardsville directed support staff to make arrangements with their supervisor to take classes. Faculty were not required to make up time used to take classes.
 - University of Illinois allowed the unit head to determine if a civil service employee had to make up time away from the office while taking classes. There was no written requirement that academic staff make up time missed for classes.
 - Western encouraged employees to enroll in classes outside work hours. Employees may be excused to attend one class, or 4 hours, per week and may make-up the time (or use accumulated vacation) at the discretion and approval of the supervisor.
- For tuition waivers to Children of Employees, most universities did not document that they independently verified the child’s age and parentage. Rather, they relied upon a signed statement from the applicant that they were not older than 25 years at the start of the semester (as required by statute). Some exceptions were:
 - Chicago State which had insurance records to verify children’s parentage.
 - SIU–Edwardsville which had children’s birth certificates to establish their age and parentage.
 - Western which had insurance records and employment records to verify children’s age and parentage.
 - Universities varied in requiring tuition waiver recipients to sign contracts which contained the terms agreed upon, such as recipients’ duties or responsibilities.
 - Graduate Assistants: All State universities other than SIU–Carbondale and the University of Illinois at Chicago required graduate assistants to sign a contract.
 - Athletics: All State universities other than Chicago State required Athletic waiver recipients to sign a contract.

- ROTC: Eastern, Illinois State, SIU–Carbondale, and Western required State ROTC tuition waiver recipients to sign a contract while the others did not.

These variations demonstrate the effect of limited centralized guidance and oversight of waiver programs and raise the question as to whether more central guidance could result in greater consistency among State universities.

UNIVERSITIES LACKED TUITION WAIVER POLICIES

State universities did not have comprehensive written policies and procedures regarding tuition and fee waivers. The few policies that existed mainly addressed statutory waivers. The lack of policies may have resulted in waiver program operations being decentralized, tuition waiver records being incomplete, eligibility and selection criteria being minimal, waivers being reported inconsistently, and some controls being weak.

University-wide policies could have contained guidance which addressed matters such as the process for determining the total waivers to be awarded by the university, process for allocating waivers to units within the university, cut-off date for accepting waivers, and record keeping responsibility of units involved in awarding waivers, such as the budget and planning office, academic departments, information systems office, and the accounting office. Policies could have also addressed the following:

- Purpose of tuition and fee waivers.
- Names and descriptions of tuition waiver programs.
- Requirements for creating new institutional waiver programs.
- Eligibility requirements and selection criteria.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting waivers.
- System for monitoring waivers.

One university had detailed policies and procedures for one tuition waiver program. The University of Illinois at Springfield had a 12-page policy manual for graduate assistantships that contained eligibility requirements, application process, guidelines on second year renewal, and performance evaluation requirements among other matters. The university also had another document titled “Internal Policies and Procedures for Graduate Assistant Position Requests” which indicated the university’s general priorities in allocating waivers, such as minority placements and competitive awards. A third document titled “Graduate Assistantship Hiring Procedures” specified the selection process:

- Post job descriptions
- Review affirmative action goals
- Narrow the pool of applicants

- Document the reasons for rejecting applicants
- Interview applicants
- Make recommendations
- Prepare letters of appointment
- Specify terms of appointment.

Written policies and procedures can formalize management goals, establish controls, set personnel responsibilities, delineate the selection process, formulate criteria, and ensure consistency in how tuition and fee waivers are awarded.

RECOMMENDATION NUMBER 9
UNIVERSITY TUITION WAIVER POLICY

Each State university should ensure that it has a comprehensive tuition and fee waiver policy that addresses the purpose of waivers, application and selection process, required documentation of the award process, method of counting and reporting waivers, and system for monitoring waivers.

RESPONSES

- Chicago State University: “The Chair of the CSU Waiver Committee will be responsible for the records as specified in this recommendation.”
- Eastern Illinois University: “The University agrees a more comprehensive tuition and fee waivers policy should be formulated and will work to adopt such policy.”
- Illinois State University: “The University agrees that a comprehensive tuition and fee waiver policy that addresses purpose, procedures, documentation, monitoring, and reporting is appropriate and has already begun to address several facets of such a policy.”
- Northeastern Illinois University: “Northeastern Illinois University concurs with this recommendation and is in the process of developing a policy consistent with legislative and Illinois Board of Higher Education directives.”
- Northern Illinois University: “The University concurs with the recommendation, many aspects of which are included in [prior] recommendations.”
- Southern Illinois University: “SIU concurs with this recommendation. We will develop a comprehensive tuition and fee waiver policy.”
- University of Illinois: “The University will work with the Illinois Board of Higher Education to develop appropriate protocols and to improve our reporting processes.”
- Western Illinois University: “We concur with the above recommendation. Western Illinois University will seek guidance from the Illinois Board of Higher Education, through their newly formed working group, in order to establish tuition and fee waiver policies. Working through the IBHE to document policies will ensure consistency with other state universities in awarding, documenting, reporting and monitoring tuition and fee waivers.”

GUIDANCE AND COORDINATION

Based on the findings in this audit, there is a need for more central guidance and coordination over universities' tuition waiver programs. The Illinois Board of Higher Education (IBHE) is the State's central agency which collects data on tuition and fee waivers. The IBHE monitors the aggregate level of waivers as part of its annual development of budget recommendations. It has the statutory responsibility to collect information on higher education which is comparable (110 ILCS 205/9.08). As noted in this audit, waiver information reported by the individual universities is presently not comparable.

Furthermore, the University Guidelines 1997 revision also directs the IBHE to *“develop and issue annual reporting requirements concerning the dollar value, number and type of tuition and fee waivers at each university. One of the goals of such reporting requirements shall be to provide consistent and uniform reporting from one year to another and amongst the universities.”*

Increased IBHE involvement and assistance could improve consistency among waiver programs at State universities. IBHE could coordinate universities' development of comprehensive tuition waiver policies, ensure that universities develop written procedures for awarding waivers, and establish a protocol for reviewing new waiver programs that universities want to establish.

IBHE could also assist universities in determining the statutory requirements regarding eligibility and selection, such as the number of waivers that can be awarded in a year, any income threshold that must be met, or any fees that should be waived. If a statute is not sufficiently clear for any waiver program, IBHE could seek clarification from the General Assembly.

As recommended earlier, the IBHE should update its regulations to include its new undergraduate tuition waiver limit. Definitions or guidelines could also be detailed to classify and report waivers.

As discussed previously, neither the IBHE nor the individual universities (except Chicago State) have recently conducted reviews of their waiver programs to determine whether the programs are accomplishing the objectives for which they were created. Given the dollar amount of these waivers, and questions concerning their impact on tuition charged by universities, periodic evaluations of waiver programs would be beneficial.

In its September 24, 1997 memo to the Office of the Auditor General, the IBHE acknowledged that only a budgetary review is performed of waiver programs, rather than an evaluation of program performance, and then only of grant and scholarship programs not tuition waiver programs. The IBHE wrote:

“The Committee to Study Affordability recommended that programs that distribute student assistance based on criteria other than financial aid be reviewed. While a comprehensive review of all programs has not been conducted, funding for many of these programs (Veterans' Grants, National

Guard Scholarships, and Merit Recognition Scholarships) is considered annually by the Illinois Student Assistance Commission and the Board of Higher Education during the budget development of annual budget recommendations and by the Governor and General Assembly in the approval of annual state appropriations.”

The report of the Committee To Study Affordability stated that from November 1993 to August 1994 it held public hearings throughout the State on how to make college more affordable. The Committee added that in November 1994, the IBHE adopted all the Committee’s recommendations. One recommendation was that the IBHE and Illinois Student Assistance Commission evaluate non-need based programs:

“The Board of Higher Education and the Illinois Student Assistance Commission shall review programs that are not based on financial need to determine whether the purpose of these programs has been achieved, develop alternative means for achieving these purposes, and reallocate funds to need-based programs.” [emphasis added]

Without conducting any program reviews, waiver programs which may be ineffective, outdated, or superseded by other waivers or by financial assistance, may continue to be operated.

RECOMMENDATION NUMBER 10**IBHE GUIDANCE**

The Illinois Board of Higher Education, in consultation with State universities, should provide more specific guidance regarding tuition waivers and take the following steps:

Coordinate the development of comprehensive written waiver policies to ensure consistency among State universities.

Define waiver programs more specifically.

Review and approve new institutional tuition waiver programs that universities want to establish.

Evaluate graduate waivers to determine if any limits are needed.

Evaluate all waiver programs to determine if the purpose of these programs is being achieved.

RESPONSES

- Illinois Board of Higher Education: “The Board of Higher Education concurs with this recommendation. As mentioned in the response to Recommendation #1, the Board of Higher Education has begun to work with the public universities to develop consistent and uniform tuition and fee waiver accounting and reporting guidelines. Board staff also is working with the public universities to develop uniform standards and procedures for universities to follow in the administration of tuition and fee waiver programs. Further, the Board will conduct a study evaluating tuition waiver programs.”
- Illinois State University: “The Illinois Board of Higher Education staff is establishing a working group of representatives from each public university to address several issues related to tuition and fee waiver programs including those identified in this recommendation. Illinois State University looks forward to the opportunity to work with the IBHE staff and colleagues at other public universities to achieve constancy, where possible, and to coordinate the review and reporting of tuition waiver programs.”
- University of Illinois: “The University will work with the Illinois Board of Higher Education to develop appropriate protocols and to improve our reporting processes.”

STATE TUITION WAIVER POLICY

Although tuition waivers at State universities were about \$117 million in fiscal year 1996, there was no statewide policy on tuition waivers. The only statewide guidance regarding tuition waivers was a reference in a statute to limit certain undergraduate waivers and the corresponding IBHE policy limiting such waivers to three percent of undergraduate tuition revenue. There was no limit on graduate waivers which were approximately 80 percent of the dollar amount of tuition waived.

OTHER STATES' WAIVER POLICIES

In response to our survey of other states, 26 of 38 responding states and territories indicated they had a tuition waiver policy that was statewide, university system-wide, or in statute. These states were: Alaska, Arizona, Arkansas, California, Connecticut, Florida, Georgia, Hawaii, Idaho, Indiana, Kentucky, Maine, Maryland, Massachusetts, Montana, Nebraska, Nevada, New Jersey, New York, North Carolina, North Dakota, Oregon, Pennsylvania, Virginia, West Virginia, and Wisconsin. Some survey respondents made comments about their policies, procedures, and reporting of waivers, while others provided relevant documentation.

- **Alaska's** Board of Regents' policy establishes a three percent limit on waivers. *"A chancellor may waive all or part of tuition for students up to a maximum of three percent of the preceding fall semester's FTE student count per campus. A chancellor may waive other student fees when the chancellor determines such action is in the best interest of the university."* ["Student Fees" are defined as additional charges that students pay for specific purposes, including course fees, administrative fees, and use fees.]
- **Arkansas'** statute allows taxpayers and their dependents who are residents of a bordering state in a contiguous county to the Arkansas state line, which is contiguous to a county where an institution of higher education is located, to receive the same higher education opportunities as all other taxpayers. An out-of-state tuition waiver may be awarded provided the student or their parents are employed in Arkansas at a wage in excess of \$5,500 per year. Proper documentation is required for audit purposes.
- **Massachusetts** Higher Education Coordinating Council's tuition waiver program guidelines note that waiver records be kept and be available for audit. [The following provision exists for several types of waivers.]
 - a. The Chancellor shall require each campus to furnish, annually by August 31, a report detailing the number and characteristics of Need Based Tuition Waiver recipients for the previous academic year.
 - b. All financial books, records and documents pertaining to this program shall at all reasonable times be opened to inspection, review and audit by the Chancellor, the State Auditor or their authorized representatives who shall have access to the premises wherever such books, records and documents are located. The institutions shall retain such financial books, records and documents for seven years...."
- **Nebraska's** Coordinating Commission for Postsecondary Education indicated there were some limits on waivers: *". . . the state sets a specific amount that they will support through appropriations. The institutions may provide more waivers, but it is at the institutions' expense. The state will not offset the loss of revenue."*
- **Nevada's** University and Community College System stated, regarding a limit on waivers, that *"Out-of-state [waivers were] limited to 3% of total*

matriculated enrollment of students for the last preceding fall semester. [There was no limit on other programs.]

- **New Mexico's** Commission on Higher Education stated there was a three percent limit based on the previous fall semester's undergraduate enrollment. They added that the Legislature appropriates dollars to cover the waivers.
- **New York** stated they limited tuition waivers: *"The State University of New York tuition waiver programs are limited by the amount of funding appropriated for those programs in the budget adopted by the New York State Legislature."*
- **North Carolina's** response by the University of North Carolina stated that *"Waivers are budgeted by line item."* A 1983 memorandum from the University of North Carolina, Office of President, also establishes reporting requirements:

"Each institution must maintain a record of all special tuition rates granted. These records shall list each individual action, classified by the group of special rates. These records should contain the following:

 1. *List of all individuals, categorized by group, who received a special nonresident rate, and including the title of the award, the monetary amount of the award, the nature of the special talents and qualifications for undergraduate students; and, in the instance of graduate assistants, the nature of the appointment or assignment.*
 2. *An annual report by each constituent institution of special tuition rates granted and tuition amounts remitted thereby shall be required."*
- **North Dakota's** State Board of Higher Education policy manual establishes a five percent limit on graduate waivers.

POLICY
Institutions offering graduate programs are authorized to waive the tuition of a limited number of students as a 'scholarship' to encourage students with excellent academic credentials to enroll.

PROCEDURE

 - A. *The number of tuition waivers authorized shall not exceed 5 percent of an institution's total graduate headcount enrollment as calculated at the third week of the first semester/quarter.*
 - B. *While the 5 percent ratio shall determine the total number of waivers available, the institution may divide the waivers and offer them to more students than the ratio determines. In no case may the total dollars waived exceed those generated by the ratio."*

The tuition of graduate assistants may also be waived if they are employed at least one-half time to teach, assist with research, or provide other services.

- **West Virginia's** Code establishes a five percent limit on undergraduate tuition and fee waivers and either a five percent or a ten percent limit on graduate waivers (the term "fees" means tuition and fees). *"(1) No state educational institution may have in effect at any time undergraduate fee waivers in a number which exceeds five percent of the number of full-time equivalent undergraduate students registered during the fall semester of the immediately*

preceding academic year. . . (3) The governing board shall make rules governing the award of undergraduate fee waivers, the issuance and cancellation of certificates entitling the recipients to the benefits thereof, the use of the fee waivers by the recipients and the rights and duties of the recipients in respect to the fee waivers” [emphasis added] Chapter 18B, Article 10, Section 5. A similar statute limits graduate waivers to ten percent of full-time students for West Virginia University and five percent for all other institutions. In addition, tuition is waived for all graduate assistants at all schools.

The West Virginia Board of Trustees policies required that reports to them should list each award recipient, their permanent hometown address, and the primary reason for being awarded a waiver. West Virginia University even had a requirement to keep detailed records on employees taking classes.

CONCLUSION

Given a lack of statewide guidance and a need for oversight noted in this audit, the General Assembly may wish to consider establishing a Statewide tuition waiver policy. Illinois public universities did not have comprehensive tuition and fee waiver policies and had delegated the management of waivers to units which resulted in variation among universities. Universities did not comply with some State laws, did not have complete records on waivers, had few selection criteria, did not provide information on rejected applicants, had weaknesses in controls over entry of waiver authorizations into computer systems, and had not audited waiver programs.

The only direct authority provided to the IBHE was an authorization to limit certain undergraduate tuition waivers. There was no statewide policy or guidance on the majority of the waiver programs and expenditures incurred by State universities.

MATTER FOR CONSIDERATION BY THE GENERAL ASSEMBLY
STATEWIDE TUITION WAIVER POLICY

The General Assembly may wish to consider establishing a Statewide tuition and fee waiver policy, or mandate the Illinois Board of Higher Education to establish a policy, which could address matters such as the following:

- ***Purpose of tuition and fee waivers.***
- ***Amount of total waivers, including any limits on waivers.***
- ***Need for application, selection, and approval records.***
- ***Need for management controls.***
- ***Minimum length of time for keeping waiver records.***
- ***Reporting requirements.***

RESPONSE

- Illinois Board of Higher Education: “As mentioned in the response to Recommendation #1, the Board of Higher Education has begun to work with the public universities to develop consistent and uniform tuition and fee waiver accounting and reporting guidelines. Board staff also is working with the public universities to develop uniform procedure standards for universities to follow in the administration of tuition and fee waiver programs. The Board currently has a statewide waiver policy that limits undergraduate waivers to three percent of potential tuition revenue and will conduct a study evaluating all tuition waiver programs.”

Appendix A
**LEGISLATIVE AUDIT COMMISSION
RESOLUTION NUMBER 108**

Legislative Audit Commission

RESOLUTION NO. 108

Presented by Representative **Deering**

WHEREAS, the State's public university students receive tens of millions of dollars of tuition and fee waivers annually;

WHEREAS, information provided by the universities to the Illinois Board of Higher Education show that \$118 million in waivers were granted during fiscal year 1995; \$108 million in waivers were granted during fiscal year 1994, which is an increase of \$22 million (26%) over the \$86 million in waivers reported for fiscal year 1993;

WHEREAS, variations in internal and external reports provided by the universities indicate that the value of tuition and fee waivers is not consistently accounted for;

WHEREAS, millions of dollars of tuition and fee waivers are made at the discretion of the individual universities and are not subject to limits by law or the Illinois Board of Higher Education;

WHEREAS, tuition and fee charges at public universities continue to grow; therefore be it

RESOLVED, BY THE LEGISLATIVE AUDIT COMMISSION that the Auditor General is directed to conduct a management audit of tuition and fee waivers granted to students attending the State's public universities; and be it further

RESOLVED, that this audit include, but not be limited to, the following determinations;

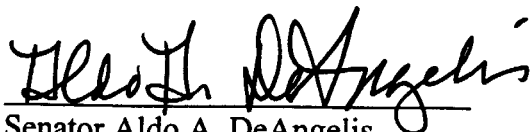
- The dollar amount of tuition and fee waivers granted and the approximate number of students benefiting at each public university in fiscal years 1994, 1995, and 1996 detailed by waiver program and categorized by undergraduate and graduate program of study;
- The amount of tuition and fee revenue collected by each university in those same years;
- The limitations, if any, established by law on tuition and fee waivers by program;
- Whether the universities' internal and external accounting for the dollar amount and number of tuition and fee waivers is correct and consistent and provides adequate and timely information for the universities to use in managing the programs;
- Whether other forms of financial aid or scholarships are granted to students by universities or their related organizations and, if so, what types;

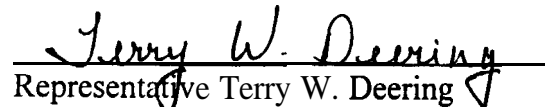
- If tuition waivers are granted in lieu of compensation, what contractual or other provisions govern the agreement;
- What the policies of the State and the Board of Higher Education are regarding tuition waivers and whether limitations imposed by the Board of Higher Education are complied with;
- The impact of tuition waivers on tuition costs, particularly on students who do not receive tuition waivers; and
- Whether tuition waiver policies should be revised to include stricter limits or greater penalties for non compliance; and be it further

RESOLVED that all public universities and other entities which may have information relevant to this audit shall cooperate fully and promptly with the Office of the Auditor General in the conduct of this audit; and be it further

RESOLVED that the Auditor General commence this audit as soon as possible and report his findings and recommendations upon completion to the Legislative Audit Commission with the provisions of the Illinois State Auditing Act.

Adopted this 25th day of JULY, 1996.


 Senator Aldo A. DeAngelis
 Cochairman


 Representative Terry W. Deering
 Cochairman

RECEIVED
 AUDITOR GENERAL
 SPFLD.
 '96 AUG 1 AM 10 '04

Appendix B
METHODOLOGY

Appendix B METHODOLOGY

The Legislative Audit Commission adopted Resolution Number 108 directing the Auditor General to conduct a management audit of tuition and fee waivers granted to students attending the State's public universities (see Appendix A). Among other reviews, the audit took a sample of tuition waivers at each State university to examine the waiver award process including compliance with legal requirements and internal selection procedures (e.g., application, eligibility and selection criteria, decision document, contracts).

In order to establish the universe for waivers to be sampled, we requested universities to provide us a list of all tuition waiver recipients for fiscal year 1996 which was the time period for our sample (e.g., fall semester 1995, spring semester 1996, and summer semester 1996).

Two separate populations were created for each university campus: a statutory tuition waiver population and an institutional tuition waiver population. The two populations' waiver recipients were ordered by IBHE tuition waiver program, then sorted alphabetically by university tuition waiver program and numerically by social security number. Sample sizes were calculated for each university population using the following formula:

$$n = \frac{N * Z^2 * p * (1-p)}{(N-1) * e^2 + Z^2 * p * (1-p)} \text{ where}$$

n = sample size

N = population size

Z = value of standard normal deviate for confidence level selected

π = population proportion (we assume $\pi = .5$ so sample size calculation errors on the large size)

e = tolerable error level selected

For institutional waivers sampled, a confidence level of 95 percent and a tolerable error level of 10 percent were used resulting in a sample size of 1,087 waivers. For statutory waivers sampled, a confidence level of 90 percent and a tolerable error level of 10 percent were used, resulting in a sample size of 604 waivers. As we found disparities (i.e., incorrect population), we selected replacements from only the waiver program where the disparity occurred.

Because statutory waivers had the same statutory requirements across all universities, a lower confidence level (90 percent) was used than for institutional waivers which did not have the same requirements across all universities for awarding waivers.

The sample was selected based on the population known at the time (original population). We selected each sample from its corresponding population using systematic random sampling. The total university population was divided by the

sample size to calculate an exact interval. This interval was multiplied incrementally to maintain an exact interval within the population. The exact interval was then rounded to whole numbers. To ensure that every waiver had an equal chance of being selected, a random number generator was used to select a starting point. The highest number available to be selected was the original population total; the lowest number available was one. In selecting replacements we maintained the stratification achieved in the sample selection process.

After the samples were selected, several universities submitted additional waivers which were not included in the sample population. However, in order to provide the most accurate numbers for this report, we revised the aggregate data in the chapters until late in the audit. Chapter 2 discusses the problems with waiver data and recommends that universities develop written procedures for reporting waivers.

Exhibit B-1 shows the sample size by statutory and institutional waiver programs while Exhibits B-2 and B-3 show number and amount sampled by waiver program.

Exhibit B-1													
SAMPLE SIZE													
Graduate and Undergraduate													
Fiscal Year 1996													
	CSU	EIU	GSU	ISU	NEIU	NIU	SIUC	SIUE	UIC	UIS	UIUC	WIU	TOTAL
Statutory Sample	42	59	14	62	50	61	60	54	58	21	66	57	604
Institutional Sample	87	90	79	94	92	94	94	93	95	81	96	92	1,087
TOTAL	129	149	93	156	142	155	154	147	153	102	162	149	1,691

Exhibit B-2
NUMBER OF TUITION WAIVERS SAMPLED USING IBHE CATEGORIES
Graduate and Undergraduate
Fiscal Year 1996

Waiver Program	CSU	EIU	GSU	ISU	NEIU	NIU	SIUC	SIUE	UIC	UIS	UIUC	WIU	Total
Academic	12	6	2	29	4	20	18	4	4	0	1	4	104
Athletic	8	10	0	6	4	6	6	4	5	6	2	8	65
Children of Employees	8	13	1	11	6	11	23	22	17	10	17	23	162
Cooperating Teachers	24	22	13	12	7	20	2	30	1	0	2	19	152
Dependents of Staff	0	0	0	2	0	1	1	1	0	0	0	1	6
Faculty/Administrators	5	5	8	6	3	5	6	3	10	8	4	6	69
Foreign Students	2	3	0	1	0	0	0	3	0	1	0	0	10
General Assembly	15	17	4	19	19	24	15	8	27	9	23	14	194
Graduate Assistantships	4	22	17	24	5	32	46	9	55	19	62	28	323
Graduate Federal Program	0	0	0	0	12	0	0	2	0	0	0	0	14
Other	0	4	31	3	46	3	7	14	13	33	14	1	169
Other - Talent	5	0	0	4	4	3	0	1	0	0	3	6	26
Out-of-State	0	0	0	0	0	0	1	19	0	0	1	9	30
ROTC	10	13	0	5	3	9	17	15	9	0	6	16	103
Senior Citizens	3	0	1	2	1	0	0	1	0	0	0	0	8
Special Education	6	16	0	24	20	16	0	7	1	0	1	4	95
Student Service	4	0	0	0	0	0	0	0	0	0	6	0	10
Support Staff (Civil Service)	23	18	8	7	7	4	7	3	7	14	1	10	109
Teacher Education	0	0	8	0	0	0	4	0	0	0	0	0	12
Veterans' Children	0	0	0	0	0	0	0	0	3	1	18	0	22
Wards of DCFS	0	0	0	1	1	1	1	1	1	1	1	0	8
TOTAL	129	149	93	156	142	155	154	147	153	102	162	149	1,691

SOURCE: State universities' data summarized by OAG.

Waiver Type	CSU	EIU	GSU	ISU	NEIU	NIU	SIUC	SIUE	UIC	UIS	UIUC	WIU	TOTAL
Institutional Total	87	90	79	94	92	94	94	93	95	81	96	92	1,087
Statutory Total	42	59	14	62	50	61	60	54	58	21	66	57	604
TOTAL	129	149	93	156	142	155	154	147	153	102	162	149	1,691

Exhibit B-3
AMOUNT OF TUITION WAIVERS SAMPLED USING IBHE CATEGORIES
Graduate and Undergraduate
Fiscal Year 1996

Waiver Program	CSU	EIU	GSU	ISU	NEIU	NIU	SIUC	SIUE	UIC	UIS	UIUC	WIU	Total
Academic	14,204	8,856	4,003	30,744	2,460	37,779	25,314	6,447	9,646	0	200	3,018	\$142,671
Athletic	21,038	17,712	0	22,962	6,888	23,292	16,372	3,689	13,400	9,358	10,215	12,792	\$157,718
Children of Employees	5,434	12,177	164	11,321	4,551	7,996	20,390	19,315	19,351	8,258	28,690	18,737	\$156,384
Cooperating Teachers	9,727	9,809	5,311	4,535	2,846	8,288	2,406	14,295	979	0	1,425	5,977	\$65,598
Dependents of Staff	0	0	0	2,640	0	1,076	240	1,689	0	0	0	1,968	\$7,613
Faculty/Administrators	3,503	3,902	5,748	3,183	1,595	1,932	4,624	971	45,052	3,644	2,993	1,963	\$79,110
Foreign Students	5,961	12,366	0	2,449	0	0	0	16,286	0	1,000	0	0	\$38,062
General Assembly	19,386	27,347	4,491	46,327	24,652	58,322	25,104	13,438	109,452	14,157	59,563	22,732	\$424,971
Graduate Assistantships	3,876	40,136	33,327	39,409	9,884	63,185	127,979	14,558	360,073	31,254	225,065	71,187	\$1,019,933
Graduate Federal Program	0	0	0	0	3,699	0	0	2,632	0	0	0	0	\$6,331
Other	0	1,471	25,554	1,361	26,129	6,408	9,789	10,300	68,044	25,252	73,321	1,476	\$249,105
Other – Talent	6,038	0	0	10,588	6,396	3,767	0	5,922	0	0	5,173	2,085	\$39,969
Out-of-State	0	0	0	0	0	0	4,640	17,732	0	0	9,136	10,948	\$42,456
ROTC	11,249	21,484	0	9,552	5,618	18,747	24,395	13,864	21,614	0	19,875	23,026	\$169,424
Senior Citizens	2,148	0	393	810	334	0	0	768	0	0	0	0	\$4,453
Special Education	7,375	29,487	0	61,116	17,216	37,624	0	14,457	2,756	0	3,000	5,753	\$178,784
Student Service	4,168	0	0	0	0	0	0	0	0	0	4,660	0	\$8,828
Support Staff (Civil Service)	19,398	13,078	5,531	4,541	6,787	4,259	3,904	1,554	9,875	8,244	500	6,099	\$83,770
Teacher Education	0	0	12,050	0	0	0	8,301	0	0	0	0	0	\$20,351
Veterans' Children	0	0	0	0	0	0	0	0	14,531	663	62,051	0	\$77,245
Wards of DCFS	0	0	0	19	2,244	2,870	36	921	4,611	2,611	1,750	0	\$15,062
TOTAL	\$133,503	\$197,822	\$96,571	\$251,557	\$121,297	\$275,546	\$273,492	\$158,836	\$679,384	\$104,441	\$507,617	\$187,759	\$2,987,825

NOTE: Totals may not add by several dollars due to rounding of multiple program numbers.

SOURCE: State universities' data summarized by OAG.

Waiver Type	CSU	EIU	GSU	ISU	NEIU	NIU	SIUC	SIUE	UIC	UIS	UIUC	WIU	TOTAL
Institutional Total	\$87,911	\$107,328	\$79,474	\$122,411	\$66,683	\$149,986	\$195,268	\$96,073	\$507,069	\$78,751	\$332,688	\$117,512	\$1,941,154
Statutory Total	\$45,592	\$90,494	\$17,098	\$129,146	\$54,614	\$125,560	\$78,224	\$62,762	\$172,315	\$25,690	\$174,929	\$70,247	\$1,046,671
TOTAL SAMPLED	\$133,503	\$197,822	\$96,571	\$251,557	\$121,297	\$275,546	\$273,492	\$158,836	\$679,384	\$104,441	\$507,617	\$187,759	\$2,987,825

Appendix C
DEFINITIONS
OF TUITION WAIVER PROGRAMS

Appendix C
TUITION WAIVER PROGRAM DEFINITIONS

Waiver Program	Definition (Statutory waiver programs in bold)
1. Academic	Waivers awarded to students with exceptional academic abilities.
2. Athletic	Waivers awarded to student athletes.
3. Children of Employees (110 ILCS 305/7f for University of Illinois; same requirement for other universities.)	Statutory waivers equal to 50 percent of tuition rate awarded to children of persons who have been employed by a State university for seven or more years. Waivers are limited to children under age 25 enrolled in undergraduate programs. This program is different for Dependents of Employees.
4. Children of Veterans (110 ILCS 305/9)	Statutory waivers awarded to children of veterans who served in the armed forces during a time of hostility. Waivers may be used only at the University of Illinois.
5. Collegial	Waivers awarded by Governors State University to students based on merit.
6. Contract Training	Waivers awarded to students because their tuition was paid by an outside grant.
7. Cooperating Teachers	Waivers awarded to individuals supervising students who are completing field experiences such as student teaching.
8. Co-Team Waiver	Waivers awarded to students as a condition for receiving an outside grant.
9. Dependents of Board of Governors Employee	Waivers awarded to a dependent of a Board of Governors' employee.
10. Dependents of Deceased Staff	Waivers awarded to dependents of staff who died during their tenure at the university.
11. Dependents of Employees	Waivers awarded to dependents (e.g., spouse, children) of university employees other than those waivers authorized by statute.
12. Faculty/Administrators	Waivers awarded to faculty and administrators.
13. Fellowships	Waivers awarded on the basis of academic and scholarly achievement.
14. Field Supervisors	Waivers awarded to outside professionals who supervise clinical experience for University of Illinois students, similar to waivers for Cooperating Teachers.
15. Foreign Exchange	Waivers awarded as a one to one exchange to students from a participating university. All exchange students must pay tuition, room and board, and required fees at the <u>home</u> institution while the <u>host</u> institution will pay these charges for the exchange student.
16. Foreign Students	Waivers awarded to eligible students who are residents of another country.
17. Funds for Improvement of Post Secondary Education	Waivers awarded to students as a condition of receiving matching federal funds.

Appendix C
TUITION WAIVER PROGRAM DEFINITIONS

Waiver Program	Definition (Statutory waiver programs in bold)
18. General Assembly (105 ILCS 5/30-9)	Statutory waivers awarded by members of the General Assembly. Each Legislator may annually award two four-year scholarships (waivers), one to the University of Illinois and another to any other State university.
19. General Practice	Waivers awarded by Southern Illinois University to dental residents participating in the clinical portion of a B.S. in Medical Technology program.
20. Graduate Assistantships	Waivers awarded to graduate students generally in exchange for research, teaching, or administrative services.
21. Graduate College Undergraduate Summer Research Opportunities Program	Waivers awarded to students for independent study or seminar in the college or department of the faculty member supervising the research project.
22. Graduate College Waivers	Waivers awarded to graduate students. No work is required.
23. Graduate Federal Programs	Waivers awarded to students assisting in research programs supported with federal grant funds.
24. Graduate Merit	Waivers awarded to graduate students based on merit.
25. Graduate Need/Disadvantaged	Waivers awarded to graduate students based upon financial need.
26. Grant Waiver	Waivers awarded to students as the institution's match for receiving a State or federal grant.
27. High School Concurrent	Waivers awarded to high school students taking college courses.
28. Illinois Veteran Shortfall	When funding from State is insufficient for scholarship, institution must treat any outstanding money owed as a veteran waiver to the student per Attorney General's Office.
29. Interinstitutional	Waivers awarded to employees of universities previously a part of the Board of Governors system.
30. Law Waivers	Waivers awarded by Southern Illinois University to law students based upon financial need.
31. Leeds Polytechnic	Waivers awarded by Western Illinois University to foreign exchange students from Leeds Polytechnical School in Leeds, England.
32. Medical Technologists	Waivers awarded by Southern Illinois University to undergraduates who wish to become Medical Technologists.
33. Minority	Waivers awarded to minorities.
34. National Guard/Navy Shortfall	When funding from State is insufficient for scholarship, institution must treat any outstanding money owed as a waiver to the student per Attorney General's Office.
35. National Science Foundation Waiver	Waivers awarded to students as a condition for receiving an outside grant.
36. National Student Exchange	Waivers awarded to students of another University attending Illinois State University.

Appendix C
TUITION WAIVER PROGRAM DEFINITIONS

Waiver Program	Definition (Statutory waiver programs in bold)
37. Non-Board of Regents	Waivers awarded to employees of Southern Illinois University as part of a reciprocal agreement with University of Illinois at Springfield. Also includes reciprocal waivers to other State universities.
38. Other – Talent	Waivers awarded to students with exceptional talent.
39. Out-of-State	Waiver of out-of-state tuition to students residing in counties adjacent to the Illinois border. The waiver is equal to the difference between the in-state and out-of-state tuition rates.
40. Passau Waiver	Waivers awarded by Eastern Illinois University to students participating in an exchange program with the University of Passau in Germany.
41. Presidential Waiver	Waivers awarded by Eastern Illinois University to students as a condition for receiving an outside grant.
42. Related Agency	Waivers awarded to employees of 16 specifically identified agencies related to the University of Illinois.
43. Retired Staff	Waivers awarded to retired employees of Illinois State University.
44. ROTC (105 ILCS 5/30-16.1)	Statutory waivers awarded to Illinois residents enrolled in the Reserve Officer’s Training Corp.
45. Senior Citizens (110 ILCS 990)	Statutory waivers awarded to senior citizens who are 65 years or older and have annual income less than \$14,000 (in fiscal year 1996).
46. SIU Tuition Waiver	Waivers awarded to undergraduates by Chancellors based on financial need, scholarship, or university-related activities.
47. Sports Equity (Gender Equity)	Waivers awarded to students to achieve gender equity pursuant to statute (not considered by IBHE as a “statutory waiver program” for reporting purposes).
48. SSU Waiver	Waivers awarded to students with need at the former Sangamon State University.
49. Staff Related	Waivers awarded to faculty and academic professional staff.
50. Student in Grant Program	Waivers awarded to students as a condition for receiving an outside grant.
51. Student Service	Waivers awarded to financially needy students. Recipients also may be employed by the institution.
52. Summer Automatic	Summer tuition waivers for all graduate assistants who had a tuition waiver in the fall and spring at the University of Illinois.
53. Support Staff (Civil Service)	Waivers to civil service employees in accordance with a recommendation of the State Universities Civil Service System.
54. Talent Waivers	Waivers awarded to students with academic, athletic, or other abilities.
55. Teachers/Special Education (110 ILCS 947-65.15)	Statutory waivers awarded to students who take courses to prepare for teaching children with disabilities.

Appendix C
TUITION WAIVER PROGRAM DEFINITIONS

Waiver Program	Definition (Statutory waiver programs in bold)
56. U of I – Springfield Waiver	Waivers awarded to students based on need.
57. Undergraduate Assistantships	Waivers awarded to undergraduate students appointed as undergraduate teaching or research assistants.
58. Undergraduate Disadvantaged Student	Waivers awarded to financially disadvantaged undergraduate students.
59. University Waivers	Institutional waivers awarded by the University of Illinois.
60. Wards of DCFS (20 ILCS 505/8)	Statutory waivers awarded to children under the care of the Department of Children and Family Services.

Appendix D
**USEFUL UNIVERSITY DOCUMENTS
AND PROCESSES**

Appendix D

USEFUL UNIVERSITY DOCUMENTS AND PROCESSES

Tuition waiver programs at State universities used materials during the process of awarding waivers which can serve as examples that may benefit other waiver programs. They can be reviewed by administrators of other waiver programs to help develop their own instruments. Some **examples** of waiver materials that were available are described below.

ADVERTISING

- The student catalogues for Governors State, Northeastern, and University of Illinois listed tuition waiver programs with the eligibility requirements.
- SIU–Carbondale’s catalogue stated that criteria could be obtained upon request; university documents indicated that numerous students requested the information.

APPLICATION

- Chicago State had a detailed four page application for Argonne Lab waivers that requested high school transcripts, class rank, two letters of recommendation, college entrance test scores, specific employment history, participation in a Chicago Public Schools Student Science Fair, and personal statement.
- Eastern had a package of documents on recipients who applied for a Non-Athletic Talent Student Award (e.g., academic waiver) that included a nomination form, application form, essay section, recommendation form, and ranking guidelines.
- Northern had detailed application materials for their Talent waivers.
- SIU–Edwardsville had extensive application materials for several waiver programs, including music scholarships, Chancellor’s Scholars program, university employees, and Competitive Graduate Awards.
- Western required a package of documents for graduate assistantships including application, nomination, statement of personal goals, letters of recommendation, and graduate admission.

CRITERIA

- Illinois State had written selection criteria for awarding waivers that were specific to waiver programs.
- Southern Illinois University had program specific criteria for selecting graduate assistants.
- University of Illinois at Springfield had established comprehensive criteria for selecting graduate assistants.

EVALUATION

- Eastern had developed a ranking order for Academic Tuition waiver applicants.
- Illinois State had a detailed recommendation form that references had to complete on individuals applying for a History waiver.
- Northern had an Audition Report for evaluating music waiver applicants that listed the specific items to be considered.
- SIU–Carbondale had a package of materials to evaluate graduate students that included a detailed application form which asked for applicants' immediate and long-range goals, and for their “*list [of] publications, thesis title(s), papers read at professional meetings, training conferences or workshops conducted, grants, funded research, plays written, productions directed and/or designed, forensic activities, employment relevant to your professional interest, professional memberships, scholastic awards, etc.*” They had forms for references to complete and also had a faculty evaluation form to rank (sometimes more than 30 students), rate (0 to 100 points), and recommend all applicants.
- University of Illinois had a “Graduate School Rating Form For Fellowships and Traineeships” that included aptitude test scores, schools attended, GPA, previous appointments at the university, waiver amount, stipend, and department comments.

DECISION

- Eastern had a decision document that included the academic term, grade point average, stipend amount, and authorizing signatures for graduate assistantships.
- Illinois State had a process for deciding Theatre Department waivers which included a letter from faculty to the Department Chair that listed the qualifications and reasons for recommending the applicant. The Department Chair also wrote a notification letter to the individual selected.
- SIU–Carbondale had a form to send to applicants who were rejected for a Children of Employee waiver which listed the statutory requirements that the applicant did not meet, such as the age limit or the four year limit on taking undergraduate classes.
- Western had a Talent Grant and Talent Waiver Recommendation Form which identified the recipient, talent, recommending department, authorizing person, tuition amount waived (and also amount of any **grants**) by semester, and Financial Aid Office approval. The form had copies for all participants: student, department, committee chair, and financial aid.

CONTRACT

- Eastern had a contract for Foreign waivers that included a list of terms and requirements to be met.
- Eastern and SIU–Carbondale required ROTC recipients to sign a contract which contained the requirements, such as enrollment in a military science course, maintaining full-time student status, maintaining an overall GPA of 2.0 and ROTC cumulative GPA of 3.0, and repayment of tuition and fees waived if the scholarship was canceled for not fulfilling contract terms.
- Illinois State had a contract for Fall 1996 for Forensics (debate) waivers which listed the conditions that the student had to satisfy during the year for which the waiver was awarded. The university also had a detailed contract for High Potential Students which listed the terms and requirements to be met.
- SIU–Edwardsville had a contract which required graduate assistants who resigned their assistantship before one-half of the academic term was completed (but who completed the term's classes) to pay the full amount of tuition and fees waived.

Appendix E
SURVEY OF STATES

Appendix E SURVEY OF STATES

We conducted a survey of all states and Puerto Rico regarding tuition and fee waivers. There were a total of 39 responses to the survey questionnaire which included the state of Illinois. The survey asked questions regarding tuition and mandatory fee waivers at the state's four-year public universities for academic year 1995-96. The questions asked included the following:

1. Does your state have a written policy regarding tuition and fee waivers at public universities?
2. Has your state established any types of tuition or fee waivers in statute?
3. Are your public universities authorized to award additional types of tuition and fee waivers (e.g., institutional waivers) that are not specifically authorized by statute?
4. Can your public university employees or their family members take courses without paying tuition? Who can take courses (administrators, faculty, civil service support staff, employees' dependents)? How long do employees have to be employed before they or their dependents can take courses?
5. Does your state limit tuition and fee waivers that can be awarded by public universities? (For example, Illinois limits undergraduate institutional tuition waivers only. Each public university can waive up to 3% of its *potential* tuition revenue for institutional tuition waivers; potential tuition means tuition plus tuition waived.)
6. Are there penalties for not complying with any limits that exist on tuition and fee waivers?
7. Please provide any available list of tuition waivers awarded during academic year 1995-96, such as names of tuition waiver programs, number waived for each tuition waiver program, and total amount waived for each waiver program.
8. What percent of instructional cost at your public universities is covered by tuition? Instruction cost means general academic instruction expenditures of colleges, schools, departments, and other instructional divisions within the university.
9. Do your public universities grant reciprocal waivers, such as offering in-state tuition rates to students living in neighboring states?
10. Generally, do your public universities have the following for tuition waivers: application forms, written eligibility requirements, written selection criteria, decision memoranda, accounting records, computerized application process records, other (specify)?
11. Comments about tuition and fee waivers.

The following pages contain a summary of responses to these questions.

SURVEY OF STATES									
State	Written Policy	Statutory Waivers	Institutional Waivers	Who Can Take Course	Limit on Waivers	Penalty for not Complying	Amount of Waivers	Instruction Cost Covered by tuition	Documents
Alaska	Statewide regulations since 1970's	None	Yes	All regular employees	Limit on campus initiated waivers	None	N/A	50%	<ul style="list-style-type: none"> • Applications • Eligibility
Arizona	Statewide policy pre 1970	Yes	Yes	Unspecified	None	N/A	N/R	25%	<ul style="list-style-type: none"> • Applications • Eligibility • Criteria • Accounting records
Arkansas	Statewide statute since 1923	<ul style="list-style-type: none"> • Seniors • Veterans • Others (residents of neighboring states) 	Yes	Varies by local board policy	None	N/A	N/R	23.9%	Institutional policies are locally determined
California (CA State University System)	Statutory statewide and university specific policies	<ul style="list-style-type: none"> • Seniors • Dependents of deceased or disabled veterans • Dependents of slain public safety officer • Selected non-residents 	<ul style="list-style-type: none"> • Employees • Dependents • Teaching Assistants • University enrolled High School students 	<ul style="list-style-type: none"> • All employees • Faculty dependents 	None	N/A	\$13,382,000	20%	<ul style="list-style-type: none"> • Applications • Eligibility • Decision • Accounting records
California (University of CA System)	Statutory statewide and university specific policies	<ul style="list-style-type: none"> • Dependents of deceased or disabled veterans • Dependents of slain public safety officer • Selected non-residents 	<ul style="list-style-type: none"> • Non-resident doctoral students 75% reduction • Dependents of employees at Los Alamos, NM energy labs • Non-resident fellowships 	All university staff in career positions	None	N/A	N/A	28.8%	<ul style="list-style-type: none"> • Applications • Eligibility • Accounting records
Colorado	N/R	None	<ul style="list-style-type: none"> • Availability of waivers is limited and at the discretion of each institution. 	<ul style="list-style-type: none"> • Employees provided up to 6 hours of work-related classes tuition-free. • 2 institutions provide tuition waivers to dependents of employees. 	See answer to previous question.	N/R	N/R	N/R	N/R
Connecticut	Statewide	<ul style="list-style-type: none"> • Seniors 	<ul style="list-style-type: none"> • Employees 	<ul style="list-style-type: none"> • Union 	None	None	Statutory 1996	55.2%	<ul style="list-style-type: none"> • Applications

SURVEY OF STATES

State	Written Policy	Statutory Waivers	Institutional Waivers	Who Can Take Course	Limit on Waivers	Penalty for not Complying	Amount of Waivers	Instruction Cost Covered by tuition	Documents
	statute since 1973	<ul style="list-style-type: none"> • Veterans • Police in academy • Active members of Army/Air National Guards • Children of slain police & firefighters 	<ul style="list-style-type: none"> • Need-Based Tuition Waivers 	<ul style="list-style-type: none"> • members • Dependents permitted by union contract 			waivers: 7,417 worth \$4,863,470		<ul style="list-style-type: none"> • Eligibility • Criteria • Accounting records • Computerized application process
Delaware	None	None	Universities free to award these types of aid	N/R	None	N/A	N/A	35%	N/A
Florida	Yes	Yes	Yes	N/R	None	N/R	N/R	25%	N/R
Georgia	Statewide policy	Seniors	N/A	Employees effective Fall 97	None	N/A	N/R	25%	Handled by individual institutions
Hawaii	Statewide statute since 1950's	Graduate/ Research Assistants	None	<ul style="list-style-type: none"> • Administrators • Faculty • Civil Service 	None	N/A	5,967 waivers worth \$9,856,179	Residents 15-27% Non-residents 51-93%	Varies by waiver and office handling the waiver
Idaho	Statewide policy since 1970's	None	None	<ul style="list-style-type: none"> • Reduced fee for full time university employees and spouses 	None	Limit by category that are reviewed annually	N/A	Residents 12% Non-residents 80%	<ul style="list-style-type: none"> • Applications • Eligibility • Accounting records
Illinois	Statewide policy since 1970 (revised in 1988)	<ul style="list-style-type: none"> • University employees and dependents • ROTC • Seniors • State Legislature • Veterans 	Yes	<ul style="list-style-type: none"> • Statutory waivers are available for children of university employees • Institutional waivers are available for civil service support staff 	Limited to 3% of the total of an institution's undergraduate tuition charged and waived	Universities are assessed the difference between actual waivers awarded and the 3% limit against their general funds appropriation	35,846 waivers worth \$82,589,895 reported by Illinois Board of Higher Education based on 1995-96 Student Financial Aid Survey. (Audit found 40,752 waivers worth \$117 million)	Undergraduate 46.2% Graduate 29.1%	Practices vary by institution

SURVEY OF STATES

State	Written Policy	Statutory Waivers	Institutional Waivers	Who Can Take Course	Limit on Waivers	Penalty for not Complying	Amount of Waivers	Instruction Cost Covered by tuition	Documents
Indiana	Statewide statute	<ul style="list-style-type: none"> Seniors Children of disabled veterans Children of slain police & firefighters 	<ul style="list-style-type: none"> Varies by university Need and non-need based 	<ul style="list-style-type: none"> Administrators Faculty Civil Service dependents (Varies by university) 	None	None	N/A	Undergraduate residents approximately 33%	Varies by university
Iowa	None	None	None	Some waivers for university employees only	N/A	N/A	N/A	N/A	None
Kentucky	Statewide and university specific reciprocity agreements since 1980's	<ul style="list-style-type: none"> Seniors Veterans Dependents of slain police & firefighters National Guard 	Tuition scholarships	N/A	None	N/A	N/R	Cost of instruction is not a factor in setting rates at KY public institutions	N/A
Louisiana	None	<ul style="list-style-type: none"> Seniors Veterans National Guard Athletic 	Yes	<ul style="list-style-type: none"> University employees Dependents of deceased tenured faculty 	None	N/A	8,261 waivers worth \$18,156,144	N/R	<ul style="list-style-type: none"> Varies by institution
Maine	Some	<ul style="list-style-type: none"> War orphans and widows, Children of slain firefighters and law enforcement officers 	Yes	<ul style="list-style-type: none"> University employees Dependents 	None	N/A	\$9.7 million	36%, remainder is covered by state and other revenue	<ul style="list-style-type: none"> Applications Eligibility Accounting records
Maryland	Statewide statute since 1982	Seniors	Yes	University employees and dependents	None	N/A	\$17,338,199	N/A	N/A
Massachusetts	Statewide policy since 1991	<ul style="list-style-type: none"> University employees & dependents Seniors Veterans Native American Indian Widows of firefighters 	Fees waived per institutional policies	<ul style="list-style-type: none"> Administration Faculty Civil Service Support Staff Dependents 	Need based waiver allocation cap	Allocations beyond caps result in decreased General Fund	N/R	33% University 36% State Colleges	N/R
Montana	Statewide policy	None	<ul style="list-style-type: none"> Athletic Graduate 	Full-time university	2% non-resident	No	3,202 waivers worth	50% state and 50% tuition	<ul style="list-style-type: none"> Applications Eligibility

SURVEY OF STATES

State	Written Policy	Statutory Waivers	Institutional Waivers	Who Can Take Course	Limit on Waivers	Penalty for not Complying	Amount of Waivers	Instruction Cost Covered by tuition	Documents
			<ul style="list-style-type: none"> • Other discretionary 	employees			\$6,846,515		<ul style="list-style-type: none"> • Criteria • Accounting records
Nebraska	Statute since 1929	<ul style="list-style-type: none"> • University employees & dependents • ROTC • Veterans • National Guard 	<ul style="list-style-type: none"> • Regents scholarship • Trustees scholarship 	Determined by institution	None	N/A	4,875 waivers worth \$26,947,931	Ranges from 22-37% of all expenditures	Varies
Nevada	Statewide policy before 1971	<ul style="list-style-type: none"> • Grant-in-aid • Out of state 	<ul style="list-style-type: none"> • Graduate Assistants • Native Americans • Professional staff & dependents • Dependents of deceased and disabled faculty • POW/MIA's Middle East War 	<ul style="list-style-type: none"> • Professional university staff • Dependents 	Out-of-state limited to 3% of the total matriculated enrollment of students last fall semester. No limit on other programs	None	N/A	Approximately 20-25%	Applications
New Jersey	Statewide statute since 1986, 1994	<ul style="list-style-type: none"> • Seniors • Veterans • National Guard • Unemployed persons • Widows & children of deceased law enforcement officers 	Policy is set by the institutions	Depends on institution	None	N/A	N/A	35%	N/R
New Mexico	None	<ul style="list-style-type: none"> • Seniors • Three Percent Scholarship 	None	Determined by each institution's governing board	Three Percent Scholarships can't exceed 3% of previous fall semester undergraduate enrollment	None	N/A	Varies by institution	<ul style="list-style-type: none"> • Applications • Eligibility • Criteria
New York	University specific since 1963 amended 1987	None	None	Eligible university employees	Limited by the amount of funding appropriated in the State budget	None	N/A	Varies depending on expenditure	<ul style="list-style-type: none"> • Applications • Eligibility • Criteria • Decision • Accounting records, Computerized

SURVEY OF STATES

State	Written Policy	Statutory Waivers	Institutional Waivers	Who Can Take Course	Limit on Waivers	Penalty for not Complying	Amount of Waivers	Instruction Cost Covered by tuition	Documents
									application process
North Carolina	Statewide statute since 1971	<ul style="list-style-type: none"> • University employees • Seniors • Talent 	None	University employees	Waivers are budgeted by line item	Yes, potential audit finding	N/A	20% estimated	<ul style="list-style-type: none"> • Applications • Eligibility • Criteria • Accounting records
North Dakota	Statewide policy since 1987-1993	<ul style="list-style-type: none"> • Veterans • National Guard (Partial) 	<ul style="list-style-type: none"> • Foreign • Graduate Students • Graduate Assistants • Employees • Seniors • Cultural Diversity 	University employees	None	N/A	3,087 waivers worth \$5,427,895	N/R	<ul style="list-style-type: none"> • Eligibility • Accounting records
Ohio	University policies only	<ul style="list-style-type: none"> • Children of certain deceased veterans • Children of safety officers killed in the line of duty 	Yes	At the University's option	None	N/A	N/A	47%	Unknown
Oregon	Statewide Some in statute since 1970	<ul style="list-style-type: none"> • University employees and dependents • Seniors • Veterans 	None	University staff only	None	None	N/R	40%	<ul style="list-style-type: none"> • Applications • Eligibility • Criteria • Decision • Accounting records
Pennsylvania	System wide policy since 1983	<ul style="list-style-type: none"> • Veterans 	Yes	<ul style="list-style-type: none"> • University employees • Dependents (For first bachelor's degree) 	None	N/A	\$7,723,732 employee eligible waivers. \$13,825,454 non-employee waivers	40.5%	<ul style="list-style-type: none"> • Applications • Eligibility • Accounting records
Puerto Rico	University specific	Yes	<ul style="list-style-type: none"> • University employees • Dependents 	<ul style="list-style-type: none"> • Faculty • Administrators • Dependents 	None	None	N/A	5%	<ul style="list-style-type: none"> • Applications • Eligibility
Rhode Island	None	<ul style="list-style-type: none"> • Seniors • Unemployed • Disabled police officers & firefighters, and their children • National Guard 	<ul style="list-style-type: none"> • Faculty, staff, spouses, and dependents • Talent 	<ul style="list-style-type: none"> • Administrators • Faculty • Dependents 	None	N/A	N/A	38%	Applications

SURVEY OF STATES

State	Written Policy	Statutory Waivers	Institutional Waivers	Who Can Take Course	Limit on Waivers	Penalty for not Complying	Amount of Waivers	Instruction Cost Covered by tuition	Documents
South Dakota	None	<ul style="list-style-type: none"> • Veterans Teacher Re-certification • Cooperative Exchange • Visually Impaired • State Employees • National Guard • Medical School Tuition Waiver 	Board approved programs	None	None	N/A	N/A	33%	<ul style="list-style-type: none"> • Applications • Eligibility • Accounting records
Texas	Statewide statute	<ul style="list-style-type: none"> • University employees and dependents • Seniors • Veterans 	None	None	None	None	77,265 waivers worth \$104,623,871	19%	<ul style="list-style-type: none"> • Applications • Eligibility • Criteria • Decision • Accounting records • Computerized process
Vermont	None	None	<ul style="list-style-type: none"> • Reciprocal Student program • Selected other as authorized by Trustees 	<ul style="list-style-type: none"> • Administrators • Faculty • Civil Service Support Staff • Employees Dependents 	None	N/A	N/A	100%	<ul style="list-style-type: none"> • Applications • Eligibility • Criteria • Decision • Accounting records
Virginia	Statewide and university specific statute since 1919	<ul style="list-style-type: none"> • Seniors • Veterans • Other 	None	<ul style="list-style-type: none"> • Administrators • Faculty • Support staff 	Yes	Yes, possible decrease in state subsidiary	2,751 waivers worth \$9,706,660	28-43% in-state, 100% out-of-state	<ul style="list-style-type: none"> • Accounting records • Required items vary widely by institution
Washington	None	<ul style="list-style-type: none"> • Unemployed • National Guard • Seniors • State employees 	None	All	Yes	None	\$92.4 million	40% of undergraduate cost at research universities 30% of undergraduate cost at comprehensive universities	Unknown

SURVEY OF STATES

State	Written Policy	Statutory Waivers	Institutional Waivers	Who Can Take Course	Limit on Waivers	Penalty for not Complying	Amount of Waivers	Instruction Cost Covered by tuition	Documents
West Virginia	Statewide policy, undergraduate since 1958 & professional since 1961	<ul style="list-style-type: none"> • Graduate Assistants • Dependents or spouses of slain law enforcement, correctional, and conservation officers, or firefighters 	Certain third party waivers are authorized where another entity supports the cost of offering courses	University employees can only take courses without paying tuition if they get a waiver or the foundation pays the tuition	5% of FTE for undergraduate	Limitation of 5% is by statute	\$5,770,766	38%	<ul style="list-style-type: none"> • Applications • Eligibility • Criteria • Accounting records
Wisconsin	Statewide statute	Yes	No	None	Yes	Yes, if exceed amount allocated, must reimburse the tuition pool	\$94,941,182	31.9%	N/R

N/R = State did not respond to question. N/A = Not Applicable.
 SOURCE: Survey of states by the Office of the Illinois Auditor General.

Appendix F
SURVEY OF PEER UNIVERSITIES

Appendix F

SURVEY OF PEER UNIVERSITIES

We asked Illinois public universities to identify their peer universities for academic purposes and conducted a survey of these universities. State of Illinois universities that were named as peer universities were not surveyed because they were already subject to this audit. This survey questionnaire concerned tuition and mandatory fee waivers for academic year 1995-96. The questions asked included the following:

1. Does your university have an overall written policy regarding tuition and fee waivers?
2. Does your university have any types of institutional (not statutory) tuition or fee waivers? Please list (e.g., academic, artistic, athletic, employees, financial need, etc.)
3. Can your university employees or their family members take courses without paying tuition? Who can take courses? Is there a limit on the number of course hours that employees/dependents can take or a limit on the amount of tuition and fees that can be waived? How long do employees have to be employed before they or their dependents can take courses?
4. Does your university limit tuition and fee waivers that can be awarded (e.g., Illinois public universities limit undergraduate institutional tuition waivers to 3% of tuition revenue per year)?
5. Are there penalties for not complying with any limits that exist on tuition and fee waivers?
6. Please provide any available list of tuition waivers awarded during academic year 1995-96, such as names of tuition waiver programs, number waived for each tuition waiver program, and total amount waived for each waiver program.
7. What percent of instructional cost at your university is covered by tuition? Instruction cost means general academic instruction expenditures of colleges, schools, departments, and other instructional divisions within the university.
8. Generally, does your university use the following documents for tuition waivers: application forms, written eligibility requirements, written selection criteria, decision memoranda, accounting records, computerized application process records, other (specify)?
9. Comments about tuition and fee waivers.

Tuition waivers were defined differently than scholarships. Waivers forego revenue from the student so the university does not receive any tuition and/or fees. When scholarships are awarded some entity (e.g., federal government, state government university foundation, alumni association, corporation, or private donor) pays the student's tuition and/or fees to the university

The following pages contain a summary of responses to these questions by the peer universities.

SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	After How Long	Waiver Limit	Penalties for Exceeding Limit	Instruction Cost Covered by Tuition	Documents Used
Arizona State University	Yes	<ul style="list-style-type: none"> • Athletic • Academic • International • Employees 	<ul style="list-style-type: none"> • Administrators and faculty • Support staff • Dependents • Retirees • Affiliated employees • Spouses • Dependent children of deceased employees 	Employed at start of semester	Not for employees	No	Not available	<ul style="list-style-type: none"> • Selection criteria • Computerized application process records • Human resource system for employees
Beaver College	Yes	<ul style="list-style-type: none"> • Employees and families • Tuition exchange programs 	<ul style="list-style-type: none"> • Administrators and faculty • Support staff • Employees' dependents 	<ul style="list-style-type: none"> • Employee: 1st full semester after hire date • Dependent: 1 year 	Yes - One undergraduate and graduate degree under normal course work	Student must pay tuition for courses exceeding 8 semesters or 132 credit hours	87%	<ul style="list-style-type: none"> • Applications
California State University - Hayward	No	No	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff • Faculty dependents only 	Immediately	Yes - Only on waiver of non-resident fees for foreign & non-resident students	No	29%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Computerized applications
Clemson University	Yes	No	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff 	Not applicable	State Law - 2%	Yes	Not available	<ul style="list-style-type: none"> • Applications • Eligibility requirements
Columbia University	Yes	Yes	<ul style="list-style-type: none"> • Administrators and faculty • Employees' dependents • Support Staff 	Immediately	No	Not applicable	No response	<ul style="list-style-type: none"> • Applications
Hellenic College	Yes	Yes	<ul style="list-style-type: none"> • Administrators and faculty • Employee dependents at ½ price 	<ul style="list-style-type: none"> • Employee: 1 year • Dependent: 1 year 	50% of tuition rate	No	25.3%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Accounting records
Johns Hopkins University	Yes	No	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff • Dependents • Retirees 	After 90 days for employees; non-credit professional development computer courses may be taken immediately	Yes - \$5,250 per year maximum for credit courses per family. 50% only waived for family members	Employee liable for the tuition costs	5% of Benefits Budget covers employee tuition costs	<ul style="list-style-type: none"> • Applications • Computerized application process records
Kansas State University	No	No	Not applicable	Not applicable	No	Not applicable	35%	<ul style="list-style-type: none"> • Eligibility requirements • Decision memoranda • Accounting records

SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	After How Long	Waiver Limit	Penalties for Exceeding Limit	Instruction Cost Covered by Tuition	Documents Used
Kent State University	Yes	No	<ul style="list-style-type: none"> Administrators and faculty Civil service staff Dependents Part-time employees 	120 days for both employees and dependents	No	Not applicable	63%	<ul style="list-style-type: none"> Applications Eligibility requirements Accounting records Computerized applications
Lesley College	Yes	<ul style="list-style-type: none"> Employees Dependents Spouses Spousal equivalents 	<ul style="list-style-type: none"> Administrators and faculty Employees' dependents Spouse: 50% 	Immediately for staff; 1 year for dependents	No	Not applicable	100%	<ul style="list-style-type: none"> Tuition remission approval form
Lewis & Clark College	Yes	Yes	<ul style="list-style-type: none"> Administrators and faculty Employees' dependents Civil service support staff 	<ul style="list-style-type: none"> Employee - 1 year Dependent - 1 year Part-time - 3 year 	No	No	No response	<ul style="list-style-type: none"> Applications Eligibility requirements Accounting records
Louisiana State University	No	Yes	<ul style="list-style-type: none"> Administrators and faculty Civil service staff 	Employee: 1 year	No	Not applicable	33%	<ul style="list-style-type: none"> Applications Eligibility requirements Selection criteria Computerized applications
Montana State University - Bozeman	Yes	Yes	<ul style="list-style-type: none"> Administrators and faculty Civil service staff 	Immediately	Yes - 6% of the institution's total fall term FTE enrollment for the preceding year or as budgeted by the institution	Subject to review by legislative auditors	36% for undergraduates	<ul style="list-style-type: none"> Applications Eligibility requirements Selection criteria
New Mexico State University	No	<ul style="list-style-type: none"> Employees Dependents 	<ul style="list-style-type: none"> Administrators and faculty Civil service staff Employees' dependents 	Immediately	No	For employees, one class is free. Hours in excess are at full price.	Instructional expense is 57% of the budget. Tuition and fees are 22% of the budget	<ul style="list-style-type: none"> Eligibility requirements Accounting records
North Carolina State University	Yes	<ul style="list-style-type: none"> Talent Graduate assistants Nonresidents 	<ul style="list-style-type: none"> Administrators and faculty Civil service staff 	Immediately	Yes - Amount is fixed by the N.C. General Assembly	No	15%	<ul style="list-style-type: none"> Eligibility requirements Selection criteria
North Dakota State University	No	<ul style="list-style-type: none"> Graduate Department Employee National Guard Diversity 	<ul style="list-style-type: none"> Administrators and faculty Civil service staff All permanent employees 	Immediately	Yes - Limits within each program	No	No response	<ul style="list-style-type: none"> Applications Eligibility requirements Selection criteria Decision memoranda Accounting records Computerized applications

SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	After How Long	Waiver Limit	Penalties for Exceeding Limit	Instruction Cost Covered by Tuition	Documents Used
Northwestern University	No	<ul style="list-style-type: none"> • Athletic • Financially needy • Employees 	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff • Employees' dependents 	Varies according to employee tenure	No	Not applicable	60-70%	<ul style="list-style-type: none"> • Application process followed through financial aid office
Oakland University	No	<ul style="list-style-type: none"> • Academic • Artistic • Athletic • Employees • Financial need • Student leadership 	<ul style="list-style-type: none"> • Administrators and faculty • Employees' dependents 	Immediately	No	Not applicable	49%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria
Ohio University	Yes	<ul style="list-style-type: none"> • Employees • Athletic • Graduate • Regional campus waivers • Outside agency • Summer 	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff • Dependents 	By 1 st day of the quarter	No	Not applicable	Not available	<ul style="list-style-type: none"> • Applications • Accounting records
Oklahoma State University	No	<ul style="list-style-type: none"> • Athletic • TA's and RA's • Employees • Financial Aid • Out-of-State 	Not applicable	Not applicable	3% of budget, includes graduate students	No	22%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria
Oregon State University	No	Study Abroad Programs	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff 	6 months	No	Not applicable	No response	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Accounting records
Rivier College	Yes	Employees	<ul style="list-style-type: none"> • Administrators and faculty • Employees' dependents • Employees' spouses 	<ul style="list-style-type: none"> • Full-time employee and family: 1st semester after date of hire • Part-time: 50% after 1st year 	No	Not applicable	No response	<ul style="list-style-type: none"> • Applications • Eligibility requirements
Rutgers University	No	No	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff • Dependents • Dependents of retirees 	Immediately for both employee and dependent	Not applicable	Not applicable	83%	None

SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	After How Long	Waiver Limit	Penalties for Exceeding Limit	Instruction Cost Covered by Tuition	Documents Used
Saint Francis College	Yes	No	<ul style="list-style-type: none"> Administrators and faculty Employees' dependents 	<ul style="list-style-type: none"> Employee: Immediately Dependents: 20% for each year of completion 	No	Not applicable	21.5%	<ul style="list-style-type: none"> Applications Eligibility requirements
St. Mary's University	Yes	Yes	<ul style="list-style-type: none"> Administrators and faculty Employees' dependents Support personnel 	6 months	No Ph.D. or Law School courses may be waived	Not approved if doesn't meet rebate policy regulations	No response	<ul style="list-style-type: none"> Applications
University of Alabama	No	No	<ul style="list-style-type: none"> Administrators and faculty Employees' dependents 	<ul style="list-style-type: none"> Immediately for employees 2 years for dependents 	No	No	No response	<ul style="list-style-type: none"> Eligibility requirements Selection criteria Decision memoranda
University of California - Davis	No	No	<ul style="list-style-type: none"> Administrators and faculty Support staff Retired employees within four months 	No minimum time required	No	Not applicable	47% excluding self-supporting University Extension	<ul style="list-style-type: none"> There are no standardized campus-wide documents
University of California - Los Angeles	Yes	<ul style="list-style-type: none"> Employees Part-time students HS students 	<ul style="list-style-type: none"> Staff may take courses if regularly admissible and pay 1/3 of fees for reduced program 	Career status and resident of the State	No	Not applicable	Not applicable	<ul style="list-style-type: none"> Accounting records Computerized application process records
University of California - Santa Barbara	Yes	Yes	<ul style="list-style-type: none"> Administrators and faculty 	6-12 months	Tuition and fee waivers for employees are limited to a 2/3 reduction in registration and education fees.	Yes. If employee exceeds maximum allowed per quarter, the entire reduction is voided.	23% *California state residents do not pay tuition	<ul style="list-style-type: none"> Applications Personnel Action form
University of Chicago	Yes	Not applicable	<ul style="list-style-type: none"> Faculty dependents University staff and children 	Immediately	No	Not applicable	No response	<ul style="list-style-type: none"> Applications
University of Dallas	Yes	No	<ul style="list-style-type: none"> Administrators and faculty Employees' dependents 	Semester following date of hire	No	Yes - Graduate courses are taxable to the employee and subject to IRS withholdings	76%	<ul style="list-style-type: none"> Applications
University of Florida	Yes	<ul style="list-style-type: none"> Academic Athletic Employee Graduate assistantships International 	<ul style="list-style-type: none"> Administrators and faculty Civil service staff 	Immediately	No	The school must fund any waivers over the budgeted amount	22% for undergraduate instruction	<ul style="list-style-type: none"> Applications Eligibility requirements Accounting records Computerized application process records

SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	After How Long	Waiver Limit	Penalties for Exceeding Limit	Instruction Cost Covered by Tuition	Documents Used
University of Hawaii at Manoa	Yes	<ul style="list-style-type: none"> Financial need Merit/Service Pacific-Asian Employees 	<ul style="list-style-type: none"> Administrators and faculty Civil service staff 	Can take classes upon employment	15% of previous fall full-time enrollment	Yes - Subject to disciplinary action per Board of Regents policy	Approximately 30%	<ul style="list-style-type: none"> Applications Eligibility requirements Selection criteria Accounting records Computerized applications
University of Kentucky	No	<ul style="list-style-type: none"> Employee educational assistance Institutional fee waivers 	<ul style="list-style-type: none"> Any regular full-time faculty or staff member 	Not applicable	No	Not applicable	Approximately 30%	<ul style="list-style-type: none"> Applications
University of Maine- Orono	Yes	<ul style="list-style-type: none"> Senior citizens Indian Dependent NEBHE Athletic Trustee Academic Faculty Children Exchange program Graduate assistants Foreign Employees 	<ul style="list-style-type: none"> Administrators and faculty Civil service staff Dependents 	No waiting period	No	Not applicable	76%	<ul style="list-style-type: none"> Applications Eligibility requirements Selection criteria Decision memoranda Accounting records Computerized applications
University of Maryland- College Park	Yes	<ul style="list-style-type: none"> Academic Athletic 	<ul style="list-style-type: none"> Administrators and faculty Civil service staff Employees' dependents 	<ul style="list-style-type: none"> Immediately for employees 2 years for dependents 	No	Not applicable	100%	<ul style="list-style-type: none"> Applications Eligibility requirements Accounting records Computerized applications
University of Missouri	Yes	Yes	<ul style="list-style-type: none"> Administrators and faculty Civil service staff 	6 months	No	Not applicable	33%	<ul style="list-style-type: none"> Applications
University of Montana - Missoula	Yes	<ul style="list-style-type: none"> Academic Athletic Employees 	<ul style="list-style-type: none"> Administrators and faculty Civil service staff 	<ul style="list-style-type: none"> Employees: 6 months Dependents: Not applicable 	Yes - Some are mandatory; the aggregate amount cannot exceed budget	Yes - Department must fund excess spending	70%	<ul style="list-style-type: none"> Applications Veterans letters Drivers license
University of Nevada - Reno	No	No	<ul style="list-style-type: none"> Administrators and faculty Civil service staff Employees' dependents 	No response	Not applicable	Not applicable	Approximately 16%	Not applicable

SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	After How Long	Waiver Limit	Penalties for Exceeding Limit	Instruction Cost Covered by Tuition	Documents Used
University of New Hampshire	Yes	<ul style="list-style-type: none"> Academic Artistic Athletic Employees Financial need Cooperative agreements 	<ul style="list-style-type: none"> Faculty and staff Spouses Employees' dependents 	5 years for Children of Deceased Employees	No	Not applicable	Not available	<ul style="list-style-type: none"> Applications Eligibility requirements Criteria Decision Memoranda Accounting records Computerized application records
University of New Mexico	Yes	<ul style="list-style-type: none"> Employees Dependent Graduate & teaching assistants 	<ul style="list-style-type: none"> Administrators and faculty Employee dependents Domestic partners/spouses 	<ul style="list-style-type: none"> Immediately for employee Dependent: 1 year 	No	Yes - Employee must pay amount exceeded	23% for 1995-96	<ul style="list-style-type: none"> Applications Eligibility requirements
University of North Texas	Yes	No	Not applicable	Not applicable	No	Not applicable	No response	<ul style="list-style-type: none"> Applications Eligibility criteria
University of Oregon	Yes	<ul style="list-style-type: none"> Staff Graduate teaching fellows 	<ul style="list-style-type: none"> Administrators and faculty Civil service staff 	Immediately for employees at 50% FTE or more	Limits set by the Oregon State Board of Higher Education for the general fund	No	Not available	<ul style="list-style-type: none"> Applications Eligibility requirements Selection criteria Offer letter and payroll form
University of Rhode Island	No	No	<ul style="list-style-type: none"> Administrators and faculty Civil service staff Employees' dependents 	Immediately	No	Not applicable	100%	<ul style="list-style-type: none"> Applications
University of South Carolina	Yes	No	<ul style="list-style-type: none"> Administrators and faculty 	Employees: 6 months	Yes - Fee waivers are limited to space available after all full pay students have been registered	Not applicable	Not available	<ul style="list-style-type: none"> Applications Eligibility requirements
University of Southern California	No	<ul style="list-style-type: none"> Employees Dependents Need and merit Graduate assistants 	<ul style="list-style-type: none"> Administrators Faculty 	<ul style="list-style-type: none"> Immediately for employees. Varies for dependents, based on level of employee 	Yes - Undergraduate merit and need scholarships budgeted at a maximum of 29.5% of undergraduate tuition	Yes	Not available	<ul style="list-style-type: none"> Applications Computerized records
University of Southern Mississippi	No response	<ul style="list-style-type: none"> Academic Artistic Athletic Employees Financial need 	<ul style="list-style-type: none"> Administrators and faculty Civil service staff Employee dependents 	No response	No	Not applicable	24% average	<ul style="list-style-type: none"> Applications Eligibility requirements Selection criteria Decision memoranda

SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	After How Long	Waiver Limit	Penalties for Exceeding Limit	Instruction Cost Covered by Tuition	Documents Used
University of Texas at Austin	Yes	No	Not applicable	Not applicable	Yes - Veterans exemption: 150 credit hours. Good Neighbor program: 235 students. Competitive Scholarship: 5% of enrollment. General Fee: 5% of enrollment	Yes - State Auditor could have a finding which could possibly reduce general revenue funding	30%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Accounting records
University of Utah	Yes	Yes	<ul style="list-style-type: none"> • Faculty and staff • Spouses and dependents • Retired staff and their spouses and dependents 	<ul style="list-style-type: none"> • Full-time employees: 6 months • Spouse: 1 year • Dependent: 3 years 	May adjust each year. 6.25% for 1995-96 academic year	Not applicable	29.5%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Decision memoranda • Accounting records • Computerized application
University of Washington	No	No	<ul style="list-style-type: none"> • Administrators and faculty • Civil Service staff • Employees' dependents • State National Guard • Senior Citizens • State agency employees 	Immediately	21% of gross tuition for most tuition waiver programs	No	41%	<ul style="list-style-type: none"> • Applications
University of Wisconsin - Madison	Yes	No	Not applicable	Not applicable	Statutory limit; may award more if amount reimbursed	Yes - Reimbursement is mandatory	34%	<ul style="list-style-type: none"> • Eligibility requirements • Selection criteria • Accounting records • Computerized application records • Appointment letters • Payroll/bursar cross-checking
University of Wyoming	Yes	<ul style="list-style-type: none"> • Employee • Military • Athletic • Graduate assistants 	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff • Spouses: 50% fee waiver 	Immediately for employees. Spouses must prove residency.	Limited to 3 credit hours per semester for tuition waivers	Not applicable	42%	<ul style="list-style-type: none"> • Applications • Accounting records • Tuition waiver forms
Utah State University	No	No	Not applicable	Not applicable	No response	No response	15.8%	No response

SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	After How Long	Waiver Limit	Penalties for Exceeding Limit	Instruction Cost Covered by Tuition	Documents Used
Virginia Commonwealth University	No	<ul style="list-style-type: none"> • Academic • Employees 	<ul style="list-style-type: none"> • Full-time administrators and faculty • Full-time civil service staff 	Immediately	Code of Virginia states unfunded scholarships cannot exceed 20% of Virginia undergraduate enrollment or 20% of Virginia tuition and fees for the proceeding year. Similar limits for out-of-state undergraduates. Further, unfunded scholarships cannot exceed total number of graduate students employed as teaching or research assistants paid a stipend of at least \$2,000 in the academic year.	No	45%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Decision memoranda
Virginia Tech	Yes	No	<ul style="list-style-type: none"> • All full-time faculty and staff 	90 days	Yes - 9 credit hours a year per student; waiver students bumped if class full	Yes - Waiver applications monitored for 9 hour limit	51% for 1996-97	<ul style="list-style-type: none"> • Applications
Washington State University	No	No	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff 	6 months	Yes - 20% of gross operating fee revenue	No	41%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Accounting records
Washington University	No	<ul style="list-style-type: none"> • Academic • Employees • Financial need • Employees' children 	<ul style="list-style-type: none"> • Administrators and faculty • Dependents 	Not applicable	No	Not applicable	Not applicable	<ul style="list-style-type: none"> • Applications
Wayne State University	No	<ul style="list-style-type: none"> • Academic • Employees • Graduate assistants • Fellows • Senior citizens 	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff • Employees' dependents 	Immediately	No	Not applicable	FY 1995: 59% FY 1996: 57%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Decision memoranda • Accounting records • Computerized applications

SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	After How Long	Waiver Limit	Penalties for Exceeding Limit	Instruction Cost Covered by Tuition	Documents Used
West Virginia University	Yes	Yes	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff • Benefits Eligible Employees 	6 months	Yes - Limited by State statute. Undergraduate waivers up to 5% of prior year enrollment; graduate waivers up to 10% of prior year enrollment	Penalties exist in State and governing board policies	20%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Decision memoranda • Accounting records • Computerized tracking of waiver availability
Youngstown State University	Yes	Yes	<ul style="list-style-type: none"> • Administrators and faculty • Civil service staff • Employees' dependents 	Can take classes upon employment	Tuition cannot be waived because of provision of the Ohio Revised Code	Possible withholding of State subsidy	42%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Accounting records

Appendix G
TUITION WAIVERS BY PROGRAM

Appendix G
TUITION WAIVERS BY PROGRAM

This appendix shows the number and amount of tuition waivers for fiscal year 1996, by tuition waiver program, for each of the 12 university campuses. This information is based on data submitted to us by the universities.

**Exhibit G-1
NUMBER OF TUITION WAIVERS
Fiscal Year 1996**

Waiver Program	CSU	EIU	GSU	ISU	NEIU	NIU	SIUC	SIUE	UIC	UIS	UIUC	WIU	Total
Academic	128	89	12	1,049	73	863	800	106	231	3	126	87	3,567
Athletic	79	151	0	221	72	282	287	113	194	38	254	161	1,852
BOG Need Based	0	0	0	0	102	0	0	0	0	0	0	0	102
Children of Employees	20	94	1	119	21	98	191	106	104	15	415	136	1,320
College of Law	0	0	0	0	0	83	0	0	0	0	0	0	83
Contract Training	0	0	0	0	0	0	124	356	0	0	0	0	480
Cooperating Teachers	245	329	68	447	109	900	90	903	51	1	125	403	3,671
Co-Team Waiver	0	25	0	0	0	0	0	0	0	0	0	0	25
Dependents of Deceased Staff	0	5	0	0	0	5	4	3	0	0	0	0	17
Dependents of Staff	0	0	0	68	0	14	0	0	0	0	0	6	88
Faculty/Administrators	44	62	38	205	31	177	246	70	453	53	412	122	1,913
Fellowships	0	0	0	0	0	0	158	0	0	0	0	0	158
Field Supervisors	0	0	0	0	0	0	0	0	0	0	16	0	16
Foreign Exchange	0	0	0	0	0	0	0	0	17	0	273	0	290
Foreign Students	11	42	0	41	0	0	0	106	0	2	0	0	202
General Assembly	39	136	5	193	59	216	148	38	171	14	598	85	1,702
Graduate Assistantships	47	341	90	890	97	1,415	2,020	286	2,539	117	6,573	585	15,000
Graduate College Waivers	0	0	0	0	0	0	0	0	506	0	938	0	1,444
Graduate Federal Program	0	0	0	0	235	0	0	48	0	0	0	0	283
Graduate Merit	0	0	0	0	681	0	0	0	0	0	0	0	681
Graduate Need	0	0	0	0	42	0	0	0	0	0	0	0	42
High School Concurrent	0	0	0	0	0	0	0	0	0	0	9	0	9
Interinstitutional	0	0	42	0	0	0	0	12	0	0	0	0	54
Miscellaneous	0	5	0	71	0	0	0	0	0	0	0	0	76
Other	0	13	118	7	0	87	0	46	0	208	151	3	633
Other - Talent	42	0	0	132	79	115	0	22	0	0	338	109	837
Out-of-State	0	0	0	0	0	0	32	560	0	0	60	201	853
Passau Waiver	0	9	0	0	0	0	0	0	0	0	0	0	9
ROTC	26	95	0	55	13	77	150	68	61	0	148	94	787
Senior Citizens	6	0	1	15	3	0	0	2	0	0	0	3	30
Special Education	15	122	0	260	63	141	0	37	5	0	18	24	685
Student Service	49	0	0	0	0	0	0	0	0	0	629	0	678
Support Staff (Civil Service)	233	278	43	263	138	214	343	100	359	84	128	216	2,399
Teacher Education	0	0	10	0	0	0	31	0	0	0	0	0	41
University Waivers	0	0	0	0	0	0	19	0	80	0	80	0	179
Veterans' Children	0	0	0	0	0	0	0	0	24	1	457	0	482
Wards of DCFS	0	5	0	10	2	8	8	4	7	2	13	5	64
TOTAL	984	1,801	428	4,046	1,820	4,695	4,651	2,986	4,802	538	11,761	2,240	40,752

SOURCE: State universities' data summarized by OAG.

**Exhibit G-2
AMOUNT OF TUITION WAIVED
Fiscal Year 1996**

Waiver Program	CSU	EIU	GSU	ISU	NEIU	NIU	SIUC	SIUE	UIC	UIS	UIUC	WIU	Total
Academic	\$123,777	\$139,979	\$17,162	\$784,331	\$65,682	\$1,755,480	\$1,024,886	\$139,138	\$483,030	\$7,535	\$135,749	\$51,447	\$4,728,196
Athletic	169,348	338,496	0	523,649	111,762	1,237,050	723,814	164,390	519,178	50,000	1,321,849	285,705	\$5,445,241
BOG Need Based	0	0	0	0	49,192	0	0	0	0	0	0	0	\$49,192
Children of Employees	13,258	80,443	164	114,719	14,743	84,691	151,555	82,012	128,038	11,455	626,201	105,155	\$1,412,434
College of Law	0	0	0	0	0	219,608	0	0	0	0	0	0	\$219,608
Contract Training	0	0	0	0	0	0	327,706	122,158	0	0	0	0	\$449,864
Cooperating Teachers	85,680	175,978	23,178	202,339	35,871	373,559	85,210	407,009	67,756	332	180,185	134,731	\$1,771,828
Co-Team Waiver	0	6,488	0	0	0	0	0	0	0	0	0	0	\$6,488
Dependents of Deceased Staff	0	9,763	0	0	0	9,113	6,880	4,518	0	0	0	0	\$30,274
Dependents of Staff	0	0	0	85,353	0	13,455	0	0	0	0	0	10,644	\$109,452
Faculty/Administrators	23,561	40,896	28,995	94,661	23,896	112,037	169,309	56,149	1,062,437	26,235	727,221	47,646	\$2,413,043
Fellowships	0	0	0	0	0	0	568,782	0	0	0	0	0	\$568,782
Field Supervisors	0	0	0	0	0	0	0	0	0	0	23,088	0	\$23,088
Foreign Exchange	0	0	0	0	0	0	0	0	69,716	0	612,015	0	\$681,731
Foreign Students	33,495	192,537	0	166,978	0	0	0	487,985	0	2,600	0	0	\$883,595
General Assembly	48,177	240,088	5,609	436,823	87,338	481,421	488,089	53,394	728,898	23,400	1,769,220	143,156	\$4,505,613
Graduate Assistantships	41,741	574,338	177,524	1,560,172	156,000	2,522,944	6,091,822	607,045	15,932,384	202,889	46,409,435	1,274,059	\$75,550,353
Graduate College Waivers	0	0	0	0	0	0	0	0	1,914,423	0	5,576,816	0	\$7,491,239
Graduate Federal Program	0	0	0	0	70,752	0	0	105,196	0	0	0	0	\$175,948
Graduate Merit	0	0	0	0	401,361	0	0	0	0	0	0	0	\$401,361
Graduate Need	0	0	0	0	40,396	0	0	0	0	0	0	0	\$40,396
High School Concurrent	0	0	0	0	0	0	0	0	0	0	1,575	0	\$1,575
Interinstitutional	0	0	34,280	0	0	0	0	8,450	0	0	0	0	\$42,730
Miscellaneous	0	1,298	0	75,665	0	0	0	0	0	0	0	0	\$76,963
Other	0	1,125	122,806	2,842	0	260,657	0	87,132	0	170,356	365,530	7,380	\$1,017,828
Other – Talent	37,142	0	0	247,691	107,256	202,565	0	73,285	0	0	560,399	42,553	\$1,270,891
Out-of-State	0	0	0	0	0	0	119,016	595,348	0	0	342,638	317,476	\$1,374,478
Passau Waiver	0	6,661	0	0	0	0	0	0	0	0	0	0	\$6,661
ROTC	30,799	145,657	0	106,055	17,887	157,688	236,968	69,217	137,777	0	355,746	154,368	\$1,412,162
Senior Citizens	5,209	0	393	7,826	1,623	0	0	1,755	0	0	0	1,788	\$18,594
Special Education	14,610	239,001	0	664,000	68,313	302,863	0	63,754	11,831	0	49,740	41,583	\$1,455,695
Student Service	52,407	0	0	0	0	0	0	0	0	0	705,281	0	\$757,688
Support Staff (Civil Service)	158,988	211,554	25,060	148,187	96,708	141,502	212,966	57,627	392,088	55,252	141,450	115,426	\$1,756,808
Teacher Education	0	0	13,571	0	0	0	64,736	0	0	0	0	0	\$78,307
University Waivers	0	0	0	0	0	0	93,151	0	168,927	0	194,505	0	\$456,583
Veterans' Children	0	0	0	0	0	0	0	0	142,626	663	1,508,437	0	\$1,651,726
Wards of DCFS	0	11,398	0	4,428	5,176	17,633	3,655	5,066	17,436	2,943	35,925	9,889	\$113,549
Adjustments											^A (\$1,616,543)	^B \$2,613	^C (\$1,613,932)
TOTAL*	\$838,192	\$2,415,700	\$448,742	\$5,225,719	\$1,353,956	\$7,892,266	\$10,368,545	\$3,190,628	\$21,776,545	\$553,660	\$60,026,462	\$2,745,620	\$116,836,032

*Totals may not add by several dollars due to rounding of multiple numbers.

^A UIUC total reduced by \$1,616,543 to eliminate double counting of waiver amounts.

^B WIU total increased by \$2,613 to account for timing differences in reporting to IBHE and OAG.

^C Total net adjustment is \$1,616,543 minus \$2,613 plus \$2 for rounding difference.

SOURCE: State universities' data summarized by OAG.

Appendix H
FINANCIAL AID PROGRAMS

Appendix H FINANCIAL AID PROGRAMS

This appendix contains information on financial aid programs that are available to university students. The IBHE "Fiscal Year 1996 Financial Aid Survey For Public Universities" reported that the total amount of financial aid provided to State university students was almost \$840 million (see Exhibit H-1).

The IBHE "Report on the Fiscal Year 1996 Illinois Student Financial Aid Survey" classifies financial aid into four types: grants and scholarships, tuition waivers, loans, and employment:

"Employment. All student employment at the college or university. Graduate teaching and research assistants should be included as well as student

cafeteria employees and students working for an outside agency as part of work study programs. Do not include students who obtained employment through the college employment agency but were not paid by the college."

"Loans. Financial assistance which must be repaid by the student. Include only the amount of funds loaned during the fiscal year. Do not include costs of canceled loans, funds which were available but not spent during the fiscal year, or loans guaranteed but not executed by the borrower."

"Scholarships, Grants, Fellowships, and Traineeships. All forms of gift assistance other than tuition and fee waivers. Such gift assistance may be used to pay tuition, living costs, or other expenses. This category does not include earnings from employment."

"Waivers. Gift assistance to students in which the institution does not collect tuition or fees from a student thereby awarding a grant although no money changes hands."

Exhibit H-1 TOTAL FINANCIAL AID Fiscal Year 1996		
SOURCE	RECIPIENTS	VALUE
Federal Programs	152,289	\$392,378,313
State of Illinois Programs	85,124	\$210,740,120
Institutional Programs	104,300	\$214,894,626
Other Sources*	12,387	\$21,926,288
TOTAL	354,100	\$839,939,347
*Funds from donors but with university involvement, such as in selecting recipients.		
SOURCE: IBHE Financial Aid Survey For Public Universities.		

Exhibit H-2 shows the financial aid provided by the Illinois Student Assistance Commission in Fiscal Year 1996 to students attending State universities.

Exhibit H-2
Illinois Student Assistance Commission
FINANCIAL AID PROGRAMS
Fiscal Year 1996

PROGRAM	NUMBER AWARDED	DOLLARS AWARDED
Monetary Award Program: Provides grants to students for tuition and certain fees. Students must demonstrate financial need, be enrolled as an undergraduate for at least six hours, be an Illinois resident, and meet several other requirements.	44,297	\$99,375,315
Illinois Veteran Grant Program: Pays for tuition and fees for four years at public colleges and universities for students who have served at least one year of active duty in the U.S. Armed Forces.	5,824	\$13,903,942
Illinois National Guard Grant Program: Pays tuition and fees for members of the Illinois National Guard to attend public institutions. Students are eligible for eight semesters or twelve quarters of assistance.	1,312	\$2,503,110
Minority Teachers of Illinois Scholarship Program: Provides scholarships up to \$5,000 per year to assist academically talented individuals of Black, Hispanic, Asian American, or Native American origins who plan to become teachers.	273	\$1,185,468
Merit Recognition Scholarship Program: Provides \$1,000 scholarships to the top 5% of all high school graduates.	1,111	\$1,101,500
Student-to-Student Grant Program: ISAC matches volunteer student contributions for needy students.	2,186	\$658,770
David A. DeBolt Teacher Shortage Scholarship Program: Awarded to academically talented students at the sophomore level or above who plan to pursue careers as public preschool, elementary or secondary school teachers in Teacher Shortage Disciplines in Illinois.	105	\$473,780
Robert C. Byrd Honors Scholarship: Provides a \$1,500 federally-funded scholarship, that is renewable for three years, to academically exceptional high school graduates for college.	222	\$332,250
Descendants' Programs: Pays tuition and fees for descendants of police or fire officers, or correctional workers killed or permanently disabled in the line of duty.	10	\$29,662
Bonus Incentive Grant: Non-need based grants available to holders of Illinois College Savings Bonds, if the bond proceeds are used to enroll at an eligible institution.	* 1,037	* \$193,750
TOTAL	56,377	\$119,757,547
* Total includes all Illinois public and private universities.		
SOURCE: Illinois Student Assistance Commission.		

Foundations and alumni associations also provided financial aid to students. Exhibit H-3 shows the amount of financial assistance (e.g., scholarships, awards, and grants) provided to universities during fiscal years 1994-1996. It separates their source of funds into restricted and unrestricted funds. Restricted funds have a limitation placed by the donor on the expenditure of funds. Appendix I describes university related organizations' policies and procedures regarding financial assistance.

Exhibit H-3						
University Related Organizations						
FINANCIAL ASSISTANCE TO THE UNIVERSITY						
ENTITY	FY 1994		FY 1995		FY 1996	
	Unrestricted	Restricted	Unrestricted	Restricted	Unrestricted	Restricted
Chicago State Foundation	\$56,505	\$97,634	\$109,885	\$113,780	\$259,824	\$275,064
Eastern Alumni Association	\$3,085	\$0	\$4,381	\$0	\$24,057	\$0
Eastern Foundation	\$3,483	\$595,797	\$5,300	\$560,592	\$2,500	\$1,384,916
Governors State Alumni Assoc.	\$49,927	\$18,208	\$65,243	\$30,224	\$28,868	\$104,158
Governors State Foundation	\$1,232	\$12,178	\$1,801	\$47,754	\$0	\$58,099
Illinois State Foundation	\$30,123	\$567,833	\$44,364	\$981,639	\$43,029	\$1,101,101
Northeastern Foundation	\$22,500	\$30,986	\$27,500	\$39,609	\$29,675	\$44,842
Northern Foundation*	\$106,316	\$150,327	\$198,174	\$189,400	\$162,088	\$213,644
SIU-C Alumni Association	\$3,200	\$0	\$6,294	\$0	\$7,797	\$0
SIU-C Foundation	\$24,000	\$7,515,458	\$24,000	\$7,219,902	\$24,000	\$7,262,745
SIU-E Alumni Association	\$2,440	\$0	\$2,340	\$0	\$2,095	\$0
SIU-E Foundation	\$25,013	\$582,930	\$42,467	\$716,733	\$65,472	\$731,609
U of I Alumni Association	\$38,000	\$0	\$57,423	\$0	\$59,609	\$0
U of I Foundation	\$810,313	\$33,370,015	\$767,342	\$36,084,968	\$580,044	\$46,415,873
Western Foundation	\$0	\$607,478	\$0	\$592,056	\$0	\$622,236
TOTAL	\$1,176,137	\$43,548,844	\$1,356,514	\$46,576,657	\$1,289,058	\$58,214,287

*Northern's Foundation also awarded income from endowments – \$57,165 in FY94, \$58,330 in FY95, and \$48,448 in FY96.
SOURCE: Office of the Auditor General's Financial Audits.

Appendix H-4 describes additional types of financial aid programs that are available through the federal and State government.

Exhibit H-4
DESCRIPTION OF FINANCIAL AID PROGRAMS

UNITED STATES DEPARTMENT OF EDUCATION

Pell Grants	Awards portable need-based grants to eligible undergraduate students. Pell Grants will increase from \$2,470 per year in academic year 1996-97 to \$2,700 per year in academic year 1997-98.
Supplemental Educational Opportunity Grant (SEOG)	Provides grants to eligible undergraduate students based on need. Under current regulations, SEOG must first be awarded to students with exceptional need – those with the lowest family contributions.
College Work Study (CWS)	Provides part-time employment to students who need earnings to meet their educational costs.
Perkins Loans	Provides long term, low interest, deferred repayment loans to undergraduate, graduate, and professional students who demonstrate exceptional need.
Guaranteed Student Loans Stafford Loans SLS PLUS	Makes loans to undergraduate and graduate students to pay for the cost of attending eligible educational institutions. The federal government pays interest for need-based Stafford Loans while the student is enrolled in a college or university and pays special allowance to lenders. The SLS Program makes loans available to independent undergraduate, graduate, and professional students. PLUS program makes loans to parents of dependent students, or to parents to pay for the cost of students attending post-secondary education at least half-time. Both SLS and PLUS programs carry a variable interest rate related to the 91-day Treasury Bill rates. Repayment begins within 60 days of disbursement and may be used as a substitute for expected family contribution. For all three loans, the federal government makes a substantial financial commitment including interest subsidization, special allowance to lenders, and loan guarantees.
Paul Douglas Teacher Scholarship	Grants scholarships up to \$5,000 per year for four years to outstanding students who graduated in the top ten percent of their high school class, are interested in teaching, and sign a contract promising to teach two years for each year of assistance they receive.
Robert C. Byrd Honors Scholarship	Grants scholarships up to \$1,500 to undergraduates in their first year who demonstrate outstanding academic achievement and the promise of continued excellence.

Exhibit H-4
DESCRIPTION OF FINANCIAL AID PROGRAMS

GRANT AND SCHOLARSHIP PROGRAMS

Police/Fire Officer Survivor Grant	Pays tuition and mandatory fees of the spouse and children of Illinois police/fire officers killed or permanently disabled in the line of duty.
Grant for Dependents of Correctional Officers	Pays tuition and mandatory fees for the spouse or children of Illinois Correctional Officers killed or permanently disabled in the line of duty.
Special Education Teacher Waiver Program	Encourages current teachers and academically talented students to pursue careers in special education in public, private, and parochial schools.
U.S. DEPARTMENT OF HEALTH AND HUMAN SERVICES AND OTHERS	
Health Professions Student Loan	Provides need-based loan assistance to full-time graduate and some undergraduate health professional students.
Nursing Student Loan	Provides need-based loans to undergraduate and graduate nursing students.
Health Education Assistance Loan	Provides insured loans primarily from participating banks to full-time graduate and limited (pharmacy) undergraduate health profession students at interest rates tied to the 91-day Treasury Bill rate.
Scholarship for Students of Exceptional Financial Need	Provides scholarships mostly to graduate health profession students for one year.
National Health Service Corps Scholarship	Pays tuition, fees, other reasonable expenses, and a monthly stipend to graduate health profession students to recruit them to a worker shortage area.
Financial Assistance for Disadvantaged Health Profession Students	Provides scholarship assistance to health profession students in certain programs who have exceptional financial need and are from disadvantaged backgrounds.
Veterans Administration Education Assistance	Provides assistance to veterans or current armed services personnel for education and training.
Bureau of Indian Affairs Higher Education Grant	Provides need-based assistance to students who are one-fourth or more Indian, Eskimo, or Aleut and pursuing an undergraduate or graduate degree.

SOURCE: National Association of College and University Business Officers (5th Edition), Illinois Student Assistance Commission Data Book, and Chronicle of Higher Education.

Appendix I
**UNIVERSITY RELATED ORGANIZATIONS'
POLICIES AND PROCEDURES**

Appendix I
UNIVERSITY RELATED ORGANIZATIONS'
POLICIES AND PROCEDURES

We requested all university alumni associations and foundations to provide their policies and procedures for awarding financial aid (e.g., grants, scholarships, loans, and employment). The following is a summary of their responses.

CHICAGO STATE UNIVERSITY FOUNDATION

Each applicant should complete the Application for Federal Student Aid by March 15 for the fall and spring terms. Some scholarships may have other deadlines, such as March 1 for Presidential Scholars. There is a scholarship committee which is comprised of one faculty or administrator from four specific colleges, the financial aid director, one administrator, and the scholarship coordinator. The names of all scholarship recipients should be forwarded by April 15 to the coordinator of Honors Convocation. Scholarship checks should not be issued until after the final date to drop classes. In an effort to maximize scholarship resources, students already awarded two or more scholarships during a term may be removed from consideration for further awards.

EASTERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION

The Livingston C. Lord Scholarship is awarded to five recipients: one scholarship to a student in each of the four academic colleges at EIU and one student in the School of Adult and Continuing Education. The scholarship is awarded in the spring and paid in the fall.

- Three students must be enrolled in teacher preparation courses and the other two in any other course.
- The scholarship recipients must be Juniors or Seniors.
- The recipients must show promise of outstanding success in their chosen fields.
- The recipient must have a GPA of 3.6 or better.
- Financial need will be considered only if all other criteria are deemed equal.

EASTERN ILLINOIS UNIVERSITY FOUNDATION

The primary responsibility of the Foundation is the preservation of endowment principal against inflation. The first returns on endowment are added to the corpus at a rate equivalent to a 5-year moving average of the Consumer Price Index. Excess returns shall be divided between the endowment beneficiaries for award and the Foundation operating expenses. The actual amount allocated for award is the lesser of 4.25% of a 3-year moving average of the endowment balance or the actual returns for that year allocated for award.

GOVERNORS STATE ALUMNI ASSOCIATION

Each endowed scholarship was established at the direction of the primary funder. Application policies and procedures vary by endowment.

GOVERNORS STATE UNIVERSITY FOUNDATION

Each endowed scholarship was established at the direction of the primary funder. Application policies and procedures vary by endowment.

ILLINOIS STATE UNIVERSITY FOUNDATION

Each Scholarship has its own criteria as designated by the donor of the funds. There is an application process through the academic departments who make the selections.

NORTHERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION AND FOUNDATION

The application and selection process for the many scholarship gift accounts is set by university administrators in accordance with guidelines established by the donors. Need based scholarships are coordinated through the Office of Student Financial Aid.

NORTHEASTERN ILLINOIS UNIVERSITY FOUNDATION

Scholarships are awarded according to the restrictions of the Board of Directors and/or the donors. Financial Aid is awarded to students by processes determined by the Financial Aid Office, the University Scholarship Committee, and the Scholarship Committees of various Colleges and Departments of the University.

SOUTHERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION -- CARBONDALE

To be eligible for scholarship, a student must:

- Have a minimum GPA of 3.5.
- Be a full time student of Junior status with a minimum of 70 credit hours.
- Be actively involved in at least two Registered Student Organizations.
- Be currently employed.

To apply, a student should submit with their completed application:

- A copy of their most recent transcript.
- A letter of recommendation from their current employer.
- Written verification of active involvement in two Registered Student Organizations.

The Scholarship Selection Committee is comprised of the following:

- Alumni Association representative
- Student Relations Committee of the SIU Alumni Association representative
- Super Student Honors Committee Chairperson for the Student Alumni Council
- Two Student Alumni Council representatives

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION – CARBONDALE

University personnel acting as fiscal officer for the Foundation award all but three of the scholarships. Most scholarships require an application and the final decisions are made by committee. For others, the local high school system has a committee which receives applications and makes decisions. A check is submitted to the Bursar and credited to the student's account.

SOUTHERN ILLINOIS UNIVERSITY ALUMNI ASSOCIATION -- EDWARDSVILLE

Scholarships are provided to two students per fiscal year. Students whose parent attended SIU-E are eligible. The awards are based on GPA, citizenship, and plans to attend SIU-E. Finalists are interviewed by members of the SIU-E Alumni Association Board of Directors with the scholarships being awarded based on the selection by the entire board.

SOUTHERN ILLINOIS UNIVERSITY FOUNDATION – EDWARDSVILLE

Payments are disbursed or coordinated through the Financial Aid office. Disbursement in any fund is controlled by the stipulation established for expenditure of that fund.

UNIVERSITY OF ILLINOIS ALUMNI ASSOCIATION

Sponsoring alumni clubs establish their own criteria and selection process for awarding the scholarships. The Alumni Association will contribute \$1 for every \$2 the sponsoring club raises toward scholarships to a cap of \$333 per scholarship. The amount is given to the university for distribution.

UNIVERSITY OF ILLINOIS FOUNDATION – SPRINGFIELD

Subject to approval of the appropriate University officials, the net income from the endowment Fund will establish one full-time and one part-time student scholarship.

- The recipients must have a cumulative GPA of 3.25.
- The recipients are judged on their statement of personal interest.
- The recipients must enroll for the specified semester hour requirements to receive the scholarships during the fall and spring semesters.
- The recipients are selected by the scholarship selection committee of the Alumni Association Board of Directors.

UNIVERSITY OF ILLINOIS FOUNDATION – URBANA

Solicits private support for financial aid as the official fundraising arm of the University of Illinois. The funds raised are all transferred to and awarded by the University.

UNIVERSITY OF ILLINOIS -- UNIVERSITY ADMINISTRATION

Funds in this category are received from donors without a campus specific designation.

WESTERN ILLINOIS UNIVERSITY FOUNDATION

Applications for scholarships are available from the Office of the Scholarship Coordinator or from the academic college or department for scholarships restricted to a specific major or student profile. Completed applications are reviewed by the Foundation Scholarship Committee composed of Foundation Board members, faculty, and staff, or by academic college/department scholarship committees. The selection committees review/evaluate applications based on the criteria of the particular scholarship.

The selection and distribution of scholarships is managed by the University's Scholarship Office. The Scholarship Coordinator forwards information regarding the successful applications to the WIU Foundation Office. Some awards are donor directed. Recipients are selected by the donor organization and the award is processed according to the donor's guidelines and instructions.

SOURCE: Universities, Foundations, and Alumni Associations.

Appendix J
ORGANIZATIONS CONTACTED

Appendix J

ORGANIZATIONS CONTACTED

Illinois Universities

1. Chicago State University
2. Eastern Illinois University
3. Governors State University
4. Illinois State University
5. Northeastern Illinois University
6. Northern Illinois University
7. Southern Illinois University – Carbondale
8. Southern Illinois University – Edwardsville
9. University of Illinois – Chicago
10. University of Illinois – Springfield
11. University of Illinois – Urbana/Champaign
12. Western Illinois University

University Related Organizations

1. Chicago State University Foundation
2. Eastern Illinois University Alumni Association
3. Eastern Illinois University Foundation
4. Governors State Alumni Association
5. Governors State University Foundation
6. Illinois State University Foundation
7. Northeastern Illinois University Foundation
8. Northern Illinois University Foundation and Alumni Association
9. Southern Illinois University Alumni Association – Carbondale
10. Southern Illinois University Alumni Association – Edwardsville
11. Southern Illinois University Foundation – Carbondale
12. Southern Illinois University Foundation – Edwardsville
13. University of Illinois Alumni Association
14. University of Illinois Foundation – Springfield

15. University of Illinois Foundation – Urbana
16. Western Illinois University Foundation

State of Illinois and Federal Agencies

1. General Accounting Office
2. Illinois Board of Higher Education
3. Illinois Department of Children and Family Services
4. Illinois Department of Public Health
5. Illinois Department of Veterans' Affairs
6. Illinois State Board of Education
7. Illinois State Board of Elections
8. Illinois Student Assistance Commission
9. Selective Service Administration
10. U.S. Department of Defense
11. U.S. Department of Education

Other Organizations

1. National Association of College and University Business Officers
2. Regional Superintendent of Schools
3. State Higher Education Executive Officers

Peer Universities Responding to our Survey

1. Arizona State University
2. Beaver College
3. California State University - Hayward
4. Clemson University
5. Columbia University
6. Hellenic College
7. Johns Hopkins University
8. Kansas State University
9. Kent State University
10. Lesley College
11. Lewis & Clark College

12. Louisiana State University
13. Montana State University - Bozeman
14. New Mexico State University
15. North Carolina State University
16. North Dakota State University
17. Northwestern University
18. Oakland University
19. Ohio University
20. Oklahoma State University
21. Oregon State University
22. Rivier College
23. Rutgers University
24. Saint Francis College
25. St. Mary's University
26. University of Alabama
27. University of California, Davis
28. University of California, Los Angeles
29. University of California, Santa Barbara
30. University of Chicago
31. University of Dallas
32. University of Florida
33. University of Hawaii at Manoa
34. University of Kentucky
35. University of Maine, Orono campus
36. University of Maryland, College Park
37. University of Missouri
38. University of Montana – Missoula
39. University of Nevada – Reno
40. University of New Hampshire
41. University of New Mexico
42. University of North Texas
43. University of Oregon
44. University of Rhode Island
45. University of South Carolina
46. University of Southern California
47. University of Southern Mississippi
48. University of Texas at Austin
49. University of Utah
50. University of Washington
51. University of Wisconsin - Madison
52. University of Wyoming
53. Utah State University
54. Virginia Commonwealth University
55. Virginia Tech
56. Washington State University
57. Washington University
58. Wayne State University
59. West Virginia University

60. Youngstown State University

States and Territories Responding to our Survey

1. Alaska
2. Arizona
3. Arkansas
4. California
5. Colorado
6. Connecticut
7. Delaware
8. Florida
9. Georgia
10. Hawaii
11. Idaho
12. Illinois
13. Indiana
14. Iowa
15. Kentucky
16. Louisiana
17. Maine
18. Maryland
19. Massachusetts
20. Montana
21. Nebraska
22. Nevada
23. New Jersey
24. New Mexico
25. New York
26. North Carolina
27. North Dakota
28. Ohio
29. Oregon
30. Pennsylvania
31. Puerto Rico
32. Rhode Island
33. South Dakota
34. Texas
35. Vermont
36. Virginia
37. Washington
38. West Virginia
39. Wisconsin

Appendix K
AUDITEES' RESPONSES

4 WEST OLD CAPITOL PLAZA, ROOM 500
SPRINGFIELD, ILLINOIS 62701-1214
(217) 762-2551
TDD (217) 524-3494



RECEIVED
AUDITOR GENERAL BOB KUSTRA
SPFLD. CHAIRMAN
KEITH R. SANDERS
EXECUTIVE DIRECTOR
1998 MAR 31 P 4: 10

BOARD OF HIGHER EDUCATION
STATE OF ILLINOIS

March 31, 1998

Auditor General Holland
Office of the Auditor General
740 East Ash
Springfield, IL 62703

Dear Auditor General Holland:

Attached are responses from the Board of Higher Education to the recommendations and matters for consideration by the General Assembly included in *Management Audit of Tuition and Fee Waivers*.

Thank you for the opportunity to respond to the recommendations and feel free to contact me or my staff if you have any questions or need additional information. ' .

Sincerely,

A handwritten signature in cursive script, appearing to read "Keith R. Sanders".

Keith R. Sanders
Executive Director

MANAGEMENT AUDIT OF TUITION AND FEE WAIVERS
RECOMMENDATION NUMBER 1

The Illinois Board of Higher Education should detail consistent and uniform methods for reporting tuition and fee waivers and conduct a review of tuition waiver programs to eliminate duplication.

BHE Response: The Board of Higher Education concurs with this recommendation and has begun to work with the public universities to develop consistent and uniform accounting and reporting guidelines for tuition and fee waivers. The Board also will conduct a review of tuition and fee waiver programs and develop common reporting classifications and formats for similar programs.

MANAGEMENT AUDIT OF TUITION AND FEE WAIVERS
RECOMMENDATION NUMBER 2

Each state university should develop written procedures for reporting waivers in consultation with the Illinois Board of Higher Education, keep accurate information on tuition and fees waived for each waiver program, and establish cut-off dates for accepting waivers or charge waivers to the appropriate fiscal year.

BHE Response: This recommendation is for public universities and is not applicable to the Board of Higher Education.

MANAGEMENT AUDIT OF TUITION AND FEE WAIVERS
RECOMMENDATION NUMBER 3

ROTC programs at State universities should develop written policies for State ROTC tuition waivers. The policies should be consistent with the statute, including limiting waivers to ten per university, and should require keeping complete records on waivers. If the statute is unclear, universities should seek clarification from the General Assembly.

BHE Response: This recommendation is for public universities and is not applicable to the Board of Higher Education.

MANAGEMENT AUDIT OF TUITION AND FEE WAIVERS
RECOMMENDATION NUMBER 4

Illinois State, Northern, and University of Illinois at Springfield should require their employees be employed for seven years to be eligible for the 50 percent Children of Employee waiver as required by statute, rather than be employed for only three years as was the former policy of the defunct Board of Regents.

BHE Response: This recommendation is for selected public universities and is not applicable to the Board of Higher Education.

MANAGEMENT AUDIT OF TUITION AND FEE WAIVERS
RECOMMENDATION NUMBER 6

Each State university and the Department of Children and Family Services should maintain complete selection records on individuals awarded a tuition waiver.

BHE Response: This recommendation is for public universities and the Department of Children and Family Services and is not applicable to the Board of Higher Education.

MANAGEMENT AUDIT OF TUITION AND FEE WAIVERS
RECOMMENDATION NUMBER 7

Each State university should establish adequate controls over institutional tuition waivers and conform with the following:

- Establish written eligibility and selection criteria.
- Maintain complete selection records on all tuition waiver applicants, including application forms, evaluation instruments, and decision documents.
- Retain records on rejected applicants.
- Establish a university-wide checklist for tuition waivers.
- Develop written procedures for entering tuition and fee waivers into the university computer system that require documenting supervisory reviews.
- Conduct internal audits of tuition and fee waiver programs.

BHE Response: This recommendation is applicable to the public universities and is not applicable to the Board of Higher Education

MATTER FOR CONSIDERATION BY THE
GENERAL ASSEMBLY

The General Assembly may wish to consider requiring State universities to annually report to the Illinois Board of Higher Education at least the following information for each tuition waiver program: justification of the need for the waiver program, intended purpose and goals, eligibility and selection criteria, cost of the waiver program, and any benefits resulting from the program. Based on this information, the IBHE should submit an annual report to the General Assembly.

BHE Response: The Board of Higher Education is prepared to collect such information on tuition and fee waivers and report to the General Assembly.

MANAGEMENT AUDIT OF TUITION AND FEE WAIVERS
RECOMMENDATION NUMBER 8

The Illinois Board of Higher Education should update its regulations to reflect its current three percent waiver limit. Furthermore, its regulations should specifically address which waiver programs are included and excluded **from** this three percent limit, such as statutory waivers and Civil Service waivers. Finally, the IBHE should define Civil Service waivers.

BHE Response: The Board of Higher Education will review its waiver policies and regulations and ensure that the two are consistent. The Board also will clarify the definition of Civil Service waivers in the tuition and fee waiver accounting and reporting guidelines being developed in conjunction with the public universities.

**MANAGEMENT AUDIT OF TUITION AND FEE WAIVERS
RECOMMENDATION NUMBER 9**

Each State university should ensure that it has a comprehensive tuition and fee waiver policy that addresses the purpose of waivers, application and selection process, required documentation of the award process, method of counting and reporting waivers, and system for monitoring waivers.

BHE Response: This recommendation is for the public universities and is not applicable to the Board of Higher Education.

**MANAGEMENT AUDIT OF TUITION AND FEE WAIVERS
RECOMMENDATION NUMBER 10**

The Illinois Board of Higher Education, in consultation with State universities, should provide more specific guidance regarding tuition and waivers and take the following steps:

- Coordinate the development of comprehensive written waiver policies to ensure consistency among State universities.
- Define waiver programs more specifically.
- Review and approve new institutional tuition waiver programs that universities want to establish.
- Evaluate graduate waivers to determine if any limits are needed.
- Evaluate all waiver programs to determine if the purpose of these programs is being achieved.

BHE Response: The Board of Higher Education concurs with this recommendation. As mentioned in the response to Recommendation #1, the Board of Higher Education has begun to work with the public universities to develop consistent and uniform tuition and fee waiver accounting and reporting guidelines. Board staff also is working with the public universities to develop uniform standards and procedures for universities to follow in the administration of tuition and fee waiver programs. Further, the Board will conduct a study evaluating tuition waiver programs.

MATTER FOR CONSIDERATION BY THE
GENERAL ASSEMBLY

The General Assembly may wish to establish a Statewide tuition and fee waiver policy, or mandate the Illinois Board of Higher Education to establish a policy, which could address matters such as the following:

- Purpose of tuition and fee waivers.
- Amount of total waivers, including any limits on waivers.
- Need for application, selection, and approval records.
- Need for management records.
- Minimum length of time for keeping waiver records.
- Reporting requirements.

BHE Response: As mentioned in the response to Recommendation #1, the Board of Higher Education has begun to work with the public universities to develop consistent and uniform tuition and fee waiver accounting and reporting guidelines. Board staff also is working with the public universities to develop uniform procedure standards for universities to follow in the administration of tuition and fee waiver programs. The Board currently has a statewide waiver policy that limits undergraduate waivers to three percent of potential tuition revenue and will conduct a study evaluating all tuition waiver programs

March 25, 1998

Office of the President
Cook Administration Building
773 / 995-2400

Mr. **Ameen** Dada
Office of the Auditor **General**
740 E. Ash
Springfield, IL 62703

Rc. Audit Resolution Number 108

Dear Mr. Dada:

Chicago State University is grateful for the tuition waiver audit recommendations and will implement them accordingly. Implementation steps were delegated as follows:

Recommendation #1 - The Internal Audit Director will develop the waiver procedural manual and obtain approval from the **CSU waiver** Committee.

Recommendation #2 - The College of Arts and Sciences Dean will consult with IBHE and assure compliance with statutes that govern ROTC **programs**.

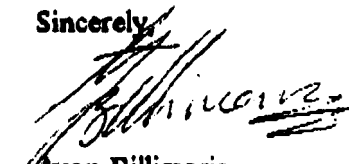
Recommendation #3 The Financial Aid Director will maintain complete **selection** records of all waiver recipients.

Recommendation #4 - The Provost will coordinate **and** maintain the waiver records as specified in this recommendation.

Recommendation #5- **The Chair of** the CSU Waiver Committee will be **responsible** for the records as specified in this recommendation.

We were pleased to have the opportunity to provide input during the **audit process**.

Sincerely,


Avan **Billimoria**
Interim President

AB:mls

Enclosure

RECEIVED
AUDITOR GENERAL
SPFLD.

98 APR 2 PM 2 04



Director, Business Services & Treasurer
600 Lincoln Avenue
Charleston, Illinois 61920-3068
217-581-2979 FAX 217-581-3200

March 31, 1998

Mr. William G. Holland
Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Mr. Holland:

Enclosed are Eastern Illinois University's responses to the Management Audit of Tuition and Fee Waivers dated March 25, 1998.

Please contact me if you have any questions or require additional information.

Sincerely,

A handwritten signature in cursive script that reads "J. Marlyn Finley".

J. Marlyn Finley
Director of Business Services/Treasurer

JMF/jbg

cc: Morgan Olsen
Jeff Cooley
John Flynn

Eastern Illinois University
Tuition and Fee Waivers
Management Audit
March 25, 1998

Recommendation 1. Each State university should develop written procedures for reporting waivers in consultation with the Illinois Board of Higher Education, keep accurate information on tuition and fees waived for each waiver program, and establish cut-off dates for accepting waivers or charge waivers to the appropriate fiscal year.

University Resoonse

The University agrees there should be written procedures for reporting tuition waivers and agrees to develop such procedures in consultation with the Illinois Board of Higher Education. The University believes that the difference between waivers reported by the Illinois Board of Higher Education and the University were the result of timing differences between the audit and the IBHE reports.

Recommendation 2. ROTC programs at State universities should develop written policies for State ROTC tuition waivers. The policies should be consistent with the statute, including limiting waivers to ten per university, and should require keeping complete records on waivers. If the statute is unclear, universities should seek clarification from the General Assembly.

University Response

The University agrees written procedures for State ROTC tuition waivers are necessary and will encourage cooperation to meet State requirements.

Recommendation 3. **Each** State university should maintain complete selection records on individuals selected to receive a tuition waiver.

University Resoonse

The University agrees to maintain complete selection records on individuals selected to receive a tuition waiver.

Recommendation 4. Each State university should establish adequate controls over institutional tuition waivers and conform with the following:

- Establish written eligibility and selection criteria.
- Maintain complete selection records on all tuition waiver applicants, including application forms, evaluation instruments, and decision documents.
- Retain records on rejected applicants.
- Establish a university-wide checklist for tuition waivers.
- Develop written procedures for entering tuition and fee waivers into the university computer system that require documenting supervisory reviews.
- Conduct internal audits of tuition and fee waiver programs.

University Resoonse

The University will increase its efforts to establish adequate controls over institutional tuition waivers and maintain complete records on all tuition waivers awarded.

Recommendation 5. Each State university should ensure that it has a comprehensive tuition and fee waiver policy that addresses the purpose of waivers, application and selection process, required documentation of the award process, method of counting and reporting waivers, and the system for monitoring waivers.

University Resoonse

The University agrees a more comprehensive tuition and fee waivers policy should be formulated and will work to adopt such policy.

'98 APR 3 PM 1 43

March 31, 1998

BY FACSIMILE

William G. Holland
Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62703

Dear General Holland:

Thank you very much for the opportunity to comment on the draft Management Audit of Tuition and Fee Waivers. I know that you and your staff have spent a great deal of time reviewing and analyzing our tuition waiver policies and practices. We are pleased that the report provides information that shows how our practices compare to those of the other public universities. Indeed, we were pleased to learn that we appeared better than average in many of the criteria the auditors reviewed: percentage of cases with complete records; completed applications; written criteria; decision records, and written contracts.

Generally, we are supportive of the recommendations included in the report and therefore will not comment in detail about each of your findings and recommendations. We wanted to emphasize our willingness to work with the IBHE to develop statewide policies and practices for managing and reporting tuition waiver programs. In the areas where your audit has identified weaknesses in our practices, in particular in our reporting and recording of waiver data, our policy statements regarding waivers, and our internal audits of the tuition waiver programs, we have already taken steps to strengthen our practices. We have centralized recordkeeping to ensure that information about waiver applicants, decisions, and contracts are complete and sufficient. We have asked the internal auditor to add a review of the tuition waiver program to his audit schedule. We are also working to improve our reporting systems to ensure accurate data is available.

We also plan to follow your other recommendations for all state universities to maintain complete records, to strengthen controls of over institutional waivers, and to develop a comprehensive tuition waiver policy. Finally, we see the value in conducting an evaluation of the tuition waiver program and will determine how such an evaluation can best be implemented.

In one area, we believe that the report contains a misstatement. On page 58 of the March 25, 1998 draft, you indicate that Governors State does not require Athletic waiver recipients to sign a contract. Please note that Governors State does not have an athletic program nor do we offer an athletic tuition waiver. We believe that this statement should be removed from the final draft.

708/534-4130 • FAX 708/534-8399

William G. Holland
March 3 1, 1998
Page two

Again, we thank you for the opportunity to comment on the findings of the Audit. We look forward to continued work with the IBHE and your office to ensure that the tuition waiver program fulfills its goals of increasing access to higher education for those traditionally underserved.

Sincerely,

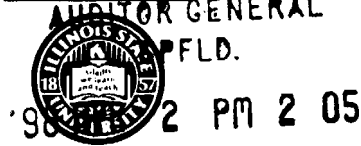
A handwritten signature in black ink, appearing to read "Paula", written in a cursive style.

Paula Wolff
President

ILLINOIS STATE

UNIVERSITY
RECEIVED

AUDITOR GENERAL



*Vice President for
Business and Finance*

302 Hovey Hall
Campus Box 1100
Normal, IL 61790-1100
Telephone: (309) 438-2143
Facsimile: (309) 438-2768

March 31, 1998

Mr. William Holland
Office of the Auditor General
Hes Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Mr. Holland

Thank you for the opportunity to review the draft report on your Management Audit of Tuition and Fee Waivers. The Report does an excellent job of summarizing volumes of data and complex processes. The combined efforts by your staff and those at the public universities and the Illinois Board of Higher Education (IBHE) are to be commended.

As you requested, Illinois State University has provided a written response to each of the Report's recommendations below. In general, your staff's audit has pointed out several opportunities for the University to improve record keeping and reporting procedures. It also has provided several opportunities to work with our colleagues at other public universities and at the IBHE to achieve greater statewide understanding of the important role tuition and fee waivers play in promoting access, rewarding talent, and in keeping the price to students and parents affordable.

AUDIT REPORT RECOMMENDATION NUMBER 1: "The Illinois Board of Higher Education should detail consistent and uniform methods for reporting tuition and fee waivers and conduct a review of tuition waiver programs to eliminate duplication."

Illinois State University Response: The University looks forward to working closely with the IBHE staff to develop reporting methods and to conduct such a review.

AUDIT REPORT RECOMMENDATION NUMBER 2: "Each State university should develop written procedures for reporting waivers in consultation with the Illinois Board of Higher Education, keep accurate information on tuition and fees waived for each waiver program, and establish cut-off dates for accepting waivers or charge waivers to the appropriate fiscal year."

Illinois State University Response: The University will develop written procedures for reporting waivers based upon the collaboration between the IBHE and public universities noted in Recommendation Number 1. The University concurs that it should keep accurate information on tuition and fees waived for both internal management and external reporting purposes and will review procedures to ensure that waivers are charged to the appropriate fiscal year.

AUDIT RECOMMENDATION NUMBER 3: ROTC programs at State universities should develop written policies for State ROTC tuition waivers. The policies should be consistent with the statute, including limiting waivers to ten per university, and should require keeping complete records on waivers. If the statute is unclear, universities should seek clarification from the General Assembly.

*Illinois State University Response: The Auditor General's Report is based upon a random sample of waivers awarded **during fiscal** year 1996. Since that time, administrative responsibility for the University's ROTC program has changed hands and the current administrator in charge has implemented policies to ensure consistent awarding and reporting of waivers.*

AUDIT RECOMMENDATION NUMBER 4: "Illinois State University, Northern Illinois University, and the University of Illinois at Springfield should require their employees be employed for seven years to be eligible for the 50 percent Children of Employee waiver as required by statute, rather than only be employed for three years as was the former policy of the defunct Board of Regents."

Illinois State University Response: While statute authorizes 50 percent tuition waivers to children of university employees if their parent has been employed by the university for at least seven years, the separate Regency Waivers program was developed to provide a non-cash benefit to staff Undergraduate students whose parents have been employed for more than three years but less than seven years pay half tuition.

*The Illinois State University's Board of Trustees, upon establishment in 1997, reviewed all Board of Regents' **policies** and governance documents for applicability. Requiring individuals to be employed for three years prior to awarding a dependent child **a fifty** percent tuition waiver is the current policy of the Board of Trustees and is part of the University's employee benefits plan. The Auditor General's recommendation will be forwarded to the Board of Trustees **for further** consideration.*

AUDIT RECOMMENDATION NUMBER 6: "Each State university and the Department of Children and Family Services should maintain complete selection records on individuals awarded a tuition waiver."

Illinois State University Response: The University concurs in this recommendation.

AUDIT RECOMMENDATION NUMBER 7: Each State university should establish adequate controls over institutional tuition waivers and conform with the following:

- Establish written eligibility and selection criteria.
- Maintain complete selection records on all tuition waiver applicants, including application forms, evaluation instruments, and decision documents.
- Retain records on rejected applicants.
- Establish a university-wide checklist for tuition waivers.

- . Develop written procedures for entering tuition and fee waivers into the university computer system that require documenting supervisory reviews.
- Conduct internal audits of tuition and fee waiver programs

Illinois State University Response: The University has begun to address some of these findings. The Graduate School developed a prototype tuition waiver checklist for each college in the tracking of tuition waivers during fiscal year 1998. The Financial Aid Office has consulted with the Planning and Policy Studies Office on the feasibility of management information systems for tracking waiver recipients. Other improvements will be addressed as a result of this audit and subsequent coordination with the Illinois Board of Higher Education.

AUDIT RECOMMENDATION NUMBER 8: “The Illinois Board of Higher Education should update its regulations to reflect its current three percent waiver limit. Furthermore, its regulations should specifically address which waiver programs are included and excluded from this three percent limit, such as statutory and Civil Service waivers. Finally, the IBHE should define Civil Service waivers.”

Illinois State University Response: The University will provide all requested information to the Illinois Board of Higher Education.

AUDIT RECOMMENDATION NUMBER 9: “Each State university should ensure that it has a comprehensive tuition and fee waiver policy that addresses the purpose of waivers, application and selection process, required documentation of the award process, method of counting and reporting waivers, and a system for monitoring waivers.”

Illinois State University Response: The University agrees that a comprehensive tuition and fee waiver policy that addresses purpose, procedures, documentation, monitoring, and reporting is appropriate and has already begun to address several facets of such a policy.

AUDIT RECOMMENDATION NUMBER 10: “The Illinois Board of Higher Education, in consultation with the State universities, should provide more specific guidance regarding tuition waivers and take the following steps:

- Coordinate the development of written waiver policies to ensure consistency among State universities.
- Define waiver programs more specifically.
- Review and approve new institutional tuition waiver programs that universities want to establish.
- Evaluate graduate tuition waivers to determine if any limits are needed.
- Evaluate all waiver programs to determine if the purpose of these programs is being achieved.”

Mr. William Holland
March 31, 1998
Page -4-

Illinois State University Response: The Illinois Board of Higher Education staff is establishing a working group of representatives from each public university to address several issues related to tuition and fee waiver programs including those identified in this recommendation. Illinois State University looks forward to the opportunity to work with the IBHE staff and colleagues at other public universities to achieve constancy, where possible, and to coordinate the review and reporting of tuition waiver programs.

Sincerely,



Charles A. Taylor
Vice President for Business and Finance

xc: President Strand
Provost Urice

bs

'98 MAR 31 AM 9 22

March 27, 1998

William G. Holland
Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3 154

Dear Mr. Holland:

Enclosed is the Northeastern Illinois University response to the Office of Auditor General's review of the University's tuition and fee waiver programs. The University's responses are divided into two categories:

1. Responses to audit findings
2. Responses to general recommendations.

The University appreciates the opportunity presented through the audit for feedback on operations of our various tuition and fee waiver programs. This feedback will allow the University to enhance the administration of these programs.

Sincerely,

Salme H. Steinberg

Salme H. Steinberg
President

SHS:ada
enclosure

c: Estela Lopez, Provost and Vice President for Academic Affairs
Cleve McDaniel, Vice President for Administrative Affairs
Melvin C. Terrell, Vice President for Student Affairs
Helen Ang, Director, Budget Office
J. Marshall Jennings, Director of Financial Aid
Roman Olczyk, Director, Internal Audit

NORTHEASTERN ILLINOIS UNIVERSITY

1. Responses to the Office of Auditor General's Audit Findings

Tuition and Fee Waivers

- A. *Northeastern Illinois University (NEIU) could not provide the Office of the Auditor General (OAG) with its fiscal year 1996 waiver information on computer disk. for audit review.. (P.40, Paragraph 2)*

The University recently completed a conversion to a new computer system. Not all historical data from the old system had been moved to the new system. The report on the 1996 waiver information had not been requested before; therefore, personnel in Administrative Information Systems indicated that it would cost \$250 an hour in consulting fees for programming to run the report. This information was conveyed to the auditors and the 1996 annual report was submitted as a substitute; no objections were voiced.

- B. *The University did have written tuition waiver policies but it did not address the following: (P.62, Paragraph 2)*

The University agrees with this finding and is in the process of reviewing its tuition waiver policies to ensure compliance in the future.

The University's Internal Auditors have performed limited reviews of tuition waivers as part of their audits, e.g., Financial Aid and Tuition Billings. The reviews covered FY 1993 (report issued January 1994 and FY 1997 (report issued February 1998). These types of reviews will be expanded. However, the more comprehensive Management Audit of Tuition Waivers will be considered as part of the University's Risk Assessment, Internal Audit staffing and priorities and the requirements of the "Two Year Audit Plan".

In addition, OAG's assistant auditors, Deloitte and Touche, LLP, performed a review on Tuition Waivers as part of their FY95 Compliance Audit. **(P. 62, Last Sentence)**

Data Entry Controls

The University did not have written procedures regarding entry of tuition waivers in the computer system. Data entered was reconciled by the person who entered the data rather than by the supervisor... (P. 64)

The University does have written procedures regarding entry of tuition waivers in the computer system (see Attachment 1). Data entered by the Administrative Assistant will be reconciled by the person responsible for scholarships, the Financial Aid Advisor IV.

. . . The authorizing department was not sent a list of recipients for verification. Northeastern did not have complete written procedures regarding the entry of tuition waivers in the computer system but verified the tuition waiver date entered in the computer. (P. 64)

NORTHEASTERN ILLINOIS UNIVERSITY

The authorizing department provides a list of tuition waiver recipients to the Office of Financial Aid for entry into the computer. The University questions the need for the authorizing department to receive a list of recipients for verification when said department is providing such a list to Financial Aid.

C. *Sample of Individual Waivers*

The University did not provide information on the number of individuals who applied for waivers but were rejected. (P. 65)

Past reporting efforts suggested that the University indicate only the amount of dollars expended and the number of recipients who benefitted from the assistance. If future requirements call for universities to list all applicants, then our methods of reporting will be adjusted so that we will be in compliance.

Compliance with State Law

All waivers were missing applications and contracts. (P. 65)

2. *Reserve Officer Training Corps (P. 65)*

Northeastern does not offer Reserve Officer Training Corps (ROTC) as part of its academic curriculum. Students wishing to pursue that course of study take courses at a university that offers ROTC. Applications are submitted to officials at the university offering ROTC, and they evaluate and select recipients. Subsequently, Northeastern is notified by the university offering ROTC as to whom the recipients are via a listing which includes the applicants' names, social security numbers, award amounts, and duration of awards.

7. *General Assembly (P.66)*

Students are nominated for this award by their legislators. The legislator forwards his/her nomination to Springfield. In Springfield, the nomination is either approved or denied. The applicant and the University receive notification of the review process. If approved, the award is posted to the student's account.

Impact of Waivers: Universities

Tuition waivers have no impact on tuition rates at Northeastern. The rate of tuition is established independently of the tuition waiver programs. Undergraduate and graduate students who might not otherwise be able to attend Northeastern are attracted by the offer of waivers which will reduce the amounts they will have to borrow.

NORTHEASTERN ILLINOIS UNIVERSITY

2. Responses to the Auditor General's Office General Recommendations on Management Audit of Tuition and Fee Waivers

Recommendation #2 University Reporting Procedures

*Each State university should develop written procedures for reporting waivers in consultation with the Illinois Board of Higher Education, keep accurate information on tuition and fees waived for each waiver program, and establish cut-off dates for accepting waivers or charge waivers to the appropriate **fiscal** year.*

Northeastern Illinois University concurs with this recommendation and will work in concert with the Illinois Board of Higher Education in developing procedures for reporting waivers. Furthermore, the University will ensure that accurate information is kept on tuition and fees waived for each program, as well as establish cut-off dates for accepting waivers or charge waivers to the appropriate fiscal year.

Recommendation #3 ROTC Program

ROTC programs at State universities should develop written policies for State ROTC tuition waivers. The policies should be consistent with the statute, including limiting waivers to ten per university, and should require keeping complete records on waivers. If the statute is unclear, universities should seek clarification from the General Assembly.

Northeastern Illinois University is in agreement with this recommendation; however, NEIU does not offer ROTC as part of its academic curriculum. Students wishing to pursue that course of study enroll at a university offering ROTC, and that university evaluates and selects recipients. A list which identifies recipients by name, social security number, award amount, and session is forwarded to Northeastern Illinois University for entry into our computer system.

Recommendation #6 Waiver Documentation

Each State university and the Department of Children and Family Services should maintain complete selection records on individuals awarded a tuition waiver.

Northeastern Illinois University agrees with this recommendation. The University will continue to maintain the records of individuals the Department of Children and Family Services identifies as being eligible to receive a tuition waiver.

NORTHEASTERN ILLINOIS UNIVERSITY

Recommendation #7
Control Over Waivers

Each State university should establish adequate controls over institutional tuition waivers and conform with the following:

- * Establish written eligibility and selection criteria.*
- * Maintain complete selection records on all tuition waiver applicants, including application forms, evaluation instruments, and decision documents.*
- * Retain records on rejected applicants.*
- * Establish a university-wide checklist for tuition waivers.*
- * Develop written procedures for entering tuition and fee waivers into the university computer system that require documenting supervisory reviews.*
- * Conduct internal audits of tuition and fee waiver programs.*

Northeastern Illinois University agrees with this recommendation and will take the appropriate steps to ensure that institutional waiver programs conform with the Office of the Auditor General's recommended criteria.

Recommendation #9
University Tuition Waiver Policy

*Each State university should ensure that it has a comprehensive tuition and fee waiver policy that addresses the purpose of waivers, application and selection process, required documentation of award **process**, method of counting and reporting waivers, and system for monitoring waivers.*

Northeastern Illinois University concurs with this recommendation and is in the process of developing a policy consistent with legislative and Illinois Board of Higher Education directives.

revised, April 1, 1998

ATTACHMENT 1

Northeastern Illinois University Data Entry Procedures

The Office of Financial Aid receives written information from the granting department as to the recipient's name, social security number, program, and session(s) in which the waivers are to be used. The information also shows if the recipient should receive both tuition and fees, and the number of credit hours for which the tuition waiver is issued.

The data entry person, using a coding sheet with program code, program description, and the actual dollar amount of the waiver, enters the award amount into the computer system for payment. The computer is set up to prevent a student, who is not registered for the correct number of hours, from having monies go to his or her account.

All awards entered by the data entry person will be checked by the Financial Aid Advisor IV, the person responsible for monitoring the entry of tuition waivers. This monitoring will be achieved through the generation of computer lists that will group the waivers by program.

The data entry procedures have been in place since the on-line system was implemented in the late 1980s.

revised, April 1, 1998



NORTHERN ILLINOIS
UNIVERSITY
1 8 9 5 - 1 9 9 5

OFFICE OF FINANCIAL AFFAIRS
DIVISION OF FINANCE AND FACILITIES
DeKALB, ILLINOIS 60115-2854
(81.5) 753-1134

March 30, 1998

Mr. Mohammed Ameen Dada
Audit Manager
Office of the Auditor General
Iles Park Plaza, 740 East Ash
Springfield, IL 62703-3154

Dear Ameen:

Attached are the official Northern Illinois University responses to the Management Audit:
Tuition and Fee Waivers.

Please call me if you have any questions.

Sincerely,

Kathe M. **Shinham**
Associate Vice President for Finance and Facilities

KMS/mh

Attachment
c: Eddie R. Williams

506 7 9 06
11/11/98

NORTHERN ILLINOIS UNIVERSITY

RESPONSE

Management Audit

TUITION AND FEE WAIVERS

March 23, 1998

Recommendation #1: Each State university should develop written procedures for reporting waivers in consultation with the Illinois Board of Higher Education, keep accurate information on tuition and fees waived for **each waiver program, and establish cut-off dates** for accepting waivers or charge waivers to the appropriate fiscal year.

NIU response We concur with the recommendation and will work with the other State universities and IBHE to develop standard reporting guidelines. These will include how to report full versus partial waivers. We will also review our waiver acceptance policy and revise it as necessary to ensure reporting in the proper fiscal year. All waiver reports prepared will be centrally reviewed prior to release to ensure accuracy and consistency.

Responsible unit/person: Bursar

Recommendation #2: ROTC programs at State universities should develop written policies for State ROTC tuition waivers. The policies should be consistent with the statute, including limiting waivers to ten per university, and should require keeping complete records on waivers. If the statute is unclear, universities should seek clarification from the General Assembly.

NIU response The University recognizes the importance of the ROTC programs We believe that tuition waivers play a key role in attracting quality students to ROTC. We plan to seek clarification from the General Assembly regarding the number of waivers allowed.

Responsible unit/person: President's Office

Recommendation #3: **Northern Illinois University should require their** employees be employed for seven years to be eligible for the 50 percent Children of Employee waiver as required by statute, rather than be employed for only three years as was the former policy of the defunct Board of Regents.

NIU response. We concur with the recommendation as written. Note, however, that State universities have authority to establish institutional waivers in accordance with their Board policy.

As originally established by the previous Board of Regents and most recently revised in December 1997 by the Northern Illinois University Board of Trustees, children of NIU employees with less than seven years service may be eligible for institutional tuition waivers if they attend Northern Illinois University. These waivers will be reported separately from those allowed by statute and will be part of the 3% of undergraduate tuition limitation.

Responsible unit/person: Bursar, Human Resources

Recommendation #4: Each State university should maintain complete selection records on individuals selected to receive a tuition waiver

NIU response: We concur with the recommendation.

Responsible unit/person: Provost

Recommendation #5: Each State university should establish adequate controls over institutional tuition waivers and conform with the following:

- Establish written eligibility and selection criteria.
- Maintain complete selection records on all tuition waiver applicants, including application forms, evaluation instruments, and decision documents.
- Retain records on rejected applicants.
- Establish a university-wide checklist for tuition waivers.
- Develop written procedures for entering tuition and fee waivers into the university computer system that require documenting supervisory reviews.
- Conduct Internal audits of tuition and fee waiver programs.

NIU response: The tuition waiver program is extremely important to the University. As a result, President La Tourette has named a committee to develop procedures for allocating waivers and standard policies governing their management. Policies will be implemented no later than July 1, 1998.

We plan to review all waiver programs to ensure documentation standards for waiver eligibility, selection, and rejection are adequate. Additionally, we will develop a checklist which must be completed prior to entering waivers into the billing system. Reports of waivers credited to students' accounts will be developed which will facilitate supervisory review.

The university internal auditor will schedule periodic reviews of the tuition and fee waiver programs to ensure compliance with the standards established.

Responsible unit/person. Provost, Bursar, Internal Auditor

Recommendation #6: Each State university should ensure that it has a comprehensive tuition and fee waiver policy that addresses the purpose of waivers, application and selection process, required documentation of the award process, method of counting and reporting waivers, and system for monitoring waivers.

NIU response: The University concurs with the recommendation, many aspects of which are included in recommendations 1 through 5.

Responsible unit/person: Provost, Bursar

Re: Waiver Committee Recommendations

Chair, Kathe Shinham
Membership: Nick Noe
 Richard Lazarski
 Gary Gresholdt
 Russ Milano
 Bob Burk
 Office off inancial
 Aids Representative

Southern Illinois University

RECEIVED
AUDITOR GENERAL
SPFLD.
'98 MAR 30 PM 1 54



March 27, 1998

Office of the President
Mailcode 6801
Carbondale, Illinois 62901-6801

The Honorable William G. Holland
Auditor General
State of Illinois
lles Park Plaza
740 E. Ash Street
Springfield, Illinois 62703-3154

Dear Sir:

Southern Illinois University (SIU) appreciates the opportunity to respond to the Auditor General's Management Audit of Tuition and Fee Waivers. We have begun meeting with the Illinois Board of Higher Education (BHE) to resolve the concerns contained in the recommendations. Following are our responses to the recommendations that pertain to SIU:

RECOMMENDATION 2: University Reporting Procedures

Each State university should develop written procedures for reporting waivers in consultation with the Illinois Board of Higher Education, keep accurate information on tuition and fees waived for each program, and establish cut-off dates for accepting waivers or charge waivers to the appropriate fiscal year.

UNIVERSITIES' RESPONSE: SIU concurs with this recommendation and in consultation with the BHE will develop written procedures for reporting of waivers, establishing cut off dates, and recording of waivers in the correct fiscal year.

RECOMMENDATION 3: ROTC Program

ROTC programs at State universities should develop written policies for State ROTC tuition waivers. The policies should be consistent with the statute, including limiting waivers to ten per university, and should require keeping complete records on waivers. If the statute is unclear, universities should seek clarification from the General Assembly.

UNIVERSITIES' RESPONSE: In consultation with BHE, SIU will seek clarification of this statute from the General Assembly.

Carbondale Office: 618/536-3331
Fax No.: 618/536-3404

Edwardsville Office: 618/692-2426
Fax No.: 618/692-3216

Southern Illinois University includes Southern Illinois University at Carbondale (SIUC) with a School of Medicine at Springfield, and Southern Illinois University at Edwardsville (SIUE), with a School of Dental Medicine at Alton and a Center in East St. Louis

RECOMMENDATION 7: Controls Over Waivers

Each State University should establish adequate controls over institutional tuition waivers and conform with the following:

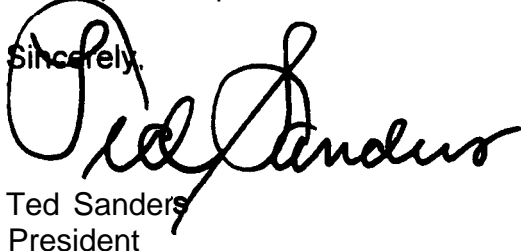
- Establish written eligibility and selection criteria.
- Maintain complete selection records on all tuition waiver applicants, including application forms, evaluation instruments, and decision documents.
- Retain records on rejected applicants.
- Establish a university-wide checklist for tuition waivers.
- Develop written procedures for entering tuition and fee waivers into the university computer system that require documenting supervisory reviews.
- Conduct internal audits of tuition and fee waiver programs.

UNIVERSITIES' RESPONSE: SIU concurs with this recommendation. With guidance from BHE where required, we will develop written procedures and controls for the items listed in the recommendation.

RECOMMENDATION 9: University Tuition Waiver Policy

Each State university should ensure that it has a comprehensive tuition and fee waiver policy that addresses the purpose of waivers, application and selection process, required documentation of the award process, method of counting and reporting waivers, and system for monitoring waivers.

UNIVERSITIES' RESPONSE: SIU concurs with this recommendation. We will develop a comprehensive tuition and fee waiver policy.

Sincerely,

Ted Sanders
President

TS:jcm

C: Donald Beggs
Ron Cremeens
David Werner

U N I V E R S I T Y O F I L L I N O I S

Chicago • Springfield • Urbana-Champaign

Office of Business and Financial Affairs
346 Henry Administration Building
506 South Wright Street
Urbana, IL 61801

March 31, 1998

Mr. William G. Holland
Auditor General
Iles Park Plaza
740 East Ash
Springfield, Illinois 62703-3 154

Dear Bill:

Thank you for the opportunity to comment on the audit findings in the Management Audit of Tuition and Fee Waivers, dated March 25, 1998. The combined University of Illinois response correlates to the recommendation numbers in pages 1 through 65 of the audit.

At the outset, we would like to emphasize the importance of tuition and fee waivers to our Institution, and the wide variety of waivers granted, ranging from undergraduate talent waivers to those granted to employees and their children, and to graduate assistants in particular. Over 75% of the dollars associated with tuition and fee waivers held by University of Illinois students are given by virtue of their appointments as graduate assistants. If the student receives an assistantship appointment, the tuition and fee waiver is automatic. If the University did not provide tuition waivers to graduate assistants, it would have to compensate them by increasing their stipends for the services which they provide. For FY96 the value of tuition waivers provided to graduate assistants approximated \$63 million. If we were to eliminate the tuition waivers and increase stipends by the amount of the student tuition and fees, we estimate that it would require an additional \$11 million to provide the students with the same after tax benefit.

We have reviewed the recommendations with respect to all institutions and in particular to the University of Illinois. The recommendations generally relate to the following areas:

- Consistent reporting of waivers to the IBHE (Recommendations 1,7,9)
- Written policies and procedures for each waiver program (Recommendations 2,3,9)
- Evaluation of waiver programs (Recommendations 9,10)
- Documentation and records retention (Recommendations 2,6,7)

While most University of Illinois waiver programs were compliant in all respects, we did find that our policies need to be clarified and our procedures tightened in some areas.

With respect to recommendations 1, 2, 6, 7, 8, 9, and 10, the University will work with the Illinois Board of Higher Education to develop appropriate protocols and to improve our reporting processes. Below are specific responses to recommendations that pertain more directly to the University of Illinois.

Audit Recommendation 3 - ROTC Program

ROTC programs at State universities should develop written policies for State ROTC tuition waivers. The policies should be consistent with the statute, including limiting waivers to ten per university, and should require keeping complete records on waivers. If the statute is unclear, universities should seek clarification from the General Assembly.

University Response

We agree that clarification of the statute governing the ROTC waiver program is needed. IBHE has agreed to seek that clarification from the General Assembly.

Audit Recommendation 4 - Child of Employee Waivers

Illinois State, Northern, and University of Illinois at Springfield should require their employees be employed for seven years to be eligible for the 50 percent Children of Employee waiver as required by statute, rather than be employed for only three years as was the former policy of the defunct Board of Regents.

University Response

The University of Illinois at Springfield, formerly part of the Board of Regents (BOR) system as Sangamon State University, followed BOR policy relating to employee benefits. One such benefit was the eligibility for a 50% tuition waiver for qualifying dependent children of employees after three years of service. This policy was approved by BOR under their authority to designate use of institutionally funded tuition waivers. For several years, all dependent waivers were reported as institutional.

The University of Illinois Board of Trustees continued the benefit to only those employees who had previously met the BOR criteria. Currently, dependent waivers for children of employees with seven or more years of service are reported as statutory and dependent waivers for children of employees with three to seven years of service are reported as institutional. The group of employees covered by the institutional extension will phase out during the four year period between the 1995-96 and the 1998-99 academic years.

Given the University's obligation to honor conditions of hire, the University's authority to make decisions regarding institutional waivers, the reporting practice followed, and the phase out of the policy, the University believes that it is compliant with statute and that no change in practice is appropriate.

Audit Recommendation 5 - General Assembly Waivers

The State Board of Education should develop written policies and procedures for awarding General Assembly Scholarships which conform with the statute. It should also keep complete historical records on scholarships awarded by individual legislators. Furthermore, the University of Illinois should implement its policy to follow up with nominees whose addresses are outside the awarding legislators' districts.

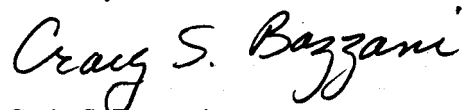
University Response

The University believes it is not obligated by state statute to examine the address of every nominee to determine if it is outside the awarding legislator's district. The University's policy requires such examination only in cases for which official University records indicate an address outside the nominator's district.

The current policy, approved by the University Board of Trustees in 1934, imposes internal obligations on the University beyond those required by state statute. The University of Illinois nomination form requires the legislator to certify to the University that the student resides in her/his district. In addition, recently-enacted legislation requires a nominated student to certify on a notarized waiver of confidentiality that his/her permanent address is located within the nominating legislator's district. The University of Illinois intends to revise its current policy to remove the requirement to seek proof from a nominee that she/he resides in the nominator's district, since she/he has certified to same.

We appreciate the opportunity to respond to the recommendations resulting from your audit review. I believe that the University of Illinois, in conjunction with the other institutions and the IBHE, will find appropriate mechanisms to demonstrate accountability in this area of our operations.

Sincerely,



Craig S. Bazzani
Vice President for
Business and Finance,
Comptroller

dak

c: J. Stukel
P. Czajkowski
S. Rugg
K. Kral
C. Long
M. Provenzano
H. Weatherford

RECEIVED
AUDITOR GENERAL
SPFLD.

98 MAR 31 PM 1 44

OFFICE OF THE PRESIDENT

SHERMAN HALL 209
UNIVERSITY CIRCLE
MACOMB, IL 61455-1390
TELEPHONE: 309/298-1824
FAX: 309/298-2089

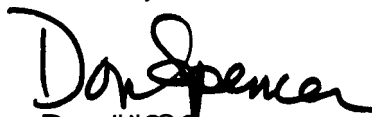
March 30, 1998

Honorable William G. Holland
Auditor General, State of Illinois
Iles Park Plaza
740 East Ash
Springfield, Illinois 62703-3154

Dear Mr. Holland:

Please find enclosed Western Illinois University's responses to the Management Audit of Tuition and Fee Waivers. Should you have any questions or comments following your review of these responses, feel free to contact me at (309) 298-1824.

Sincerely,



Donald S. Spencer
President

dlg

Enclosures

WESTERN ILLINOIS UNIVERSITY
Management Audit of Tuition and Fee Waivers

Recommendation No. 1:

Each state university should develop written procedures for reporting waivers in consultation with the Illinois Board of Higher Education, keep accurate information on tuition and fees waived for each waiver program, and establish cut-off dates for accepting waivers or charge waivers to the appropriate fiscal year.

University Response:

The Illinois Board of Higher Education has formed a working group to address several issues regarding tuition and fee waivers. With Western Illinois University's representation on this working group, along with the creation of a campus working group, we will develop written procedures for maintaining accurate information and consistently reporting waivers. The local campus group will address the possibility of establishing cut-off dates for accepting waivers, and where applicable, will implement accordingly.

Recommendation No. 2:

ROTC programs at State universities should develop written policies for State ROTC tuition waivers. The policies should be consistent with the statute, including limiting waivers to ten per university, and should require keeping complete records on waivers. If the statute is unclear, universities should seek clarification from the General Assembly.

University Response:

Western Illinois University will develop written policies for State ROTC tuition waivers and will increase efforts to keep complete records on waivers. In addition, we will seek clarification from the General Assembly regarding the limit of waivers awarded. Although we have interpreted the statute to allow granting ten four-year waivers per year and feel that this number is necessary to maintain a viable ROTC program, WIU will comply with the provided clarification of the state statute.

Recommendation No. 3:

Each state university should maintain complete selection records on individuals selected to receive a tuition waiver.

University Response:

We concur with the above recommendation. All efforts will be made to maintain complete selection records of tuition waiver recipients in accordance with the Records Retentions Schedules from the Illinois State Records Commission.

WESTERN ILLINOIS UNIVERSITY
Management Audit of Tuition and Fee Waivers
Page 2

Recommendation No. 4:

Each State university should establish adequate controls over institutional tuition waivers and conform with the following:

- Establish written eligibility and selection criteria.
- Maintain complete selection records on all tuition waiver applicants, including application forms, evaluation Instruments, and decision documents.
- Retain records on rejected applicants.
- Establish a university-wide checklist for tuition waivers.
- Develop written procedures for entering tuition and fee waivers into the university computer system that require documenting supervisory reviews.
- Conduct Internal audits of tuition and fee waiver programs.

University Response:

We concur with the above recommendation. The primary focus of the WIU working group will be to develop written policies and procedures for each waiver program to establish adequate controls over institutional tuition waivers. These procedures will document selection criteria, policies on maintaining selection records and records on rejected applicants, where applicable, along with detailed procedures for applying waivers to our university computer system with appropriate supervisory review.

Recommendation No. 5:

Each State university should ensure that it has a comprehensive tuition and fee waiver policy that addresses the purpose of waivers, application and selection process, required documentation of the award process, method of counting and reporting waivers, and system for monitoring waivers.

University Resoonse:

We concur with the above recommendation. Western Illinois University will seek guidance from the Illinois Board of Higher Education, through their newly formed working group, in order to establish tuition and fee waiver policies. Working through the **IBHE** to document policies will ensure consistency with other state universities in awarding, documenting, reporting and monitoring tuition and fee waivers.



Illinois State Board of Education

100 North First Street . Springfield, Ill&is 62777-0001

Louis Mervis
Chairperson

RECEIVED
GENERAL
OFFICE
98 APR 1 PM 1 30

An Equal Opportunity/Affirmative Action Employer

Joseph A. Spagnolo
State Superintendent of Education

March 30, 1998

Office of the Auditor General
William G. Holland
Isles Park Plaza
740 E. Ash
Springfield, Illinois 62703-3 154

Honorable Auditor General Holland,

Thank you for the opportunity to meet and discuss the one finding pertaining to the Illinois State Board of Education in the Management Audit of Tuition and Fee Waivers. We appreciate your staffs time and effort.

We wish to respond as follows.

The State Board of Education will develop written policies and procedures for awarding General Assembly Scholarships which conform with the statute by July 1, 1998. Further, the State Board of Education will continue to use the current computerized system, ensuring complete historical records of individual scholarships are maintained.

Please let us know if we can be of further assistance.

Sincerely,

A handwritten signature in black ink that reads "Joseph Spagnolo".

Joseph Spagnolo
State Superintendent
of Education



DEPARTMENT OF
CHILDREN AND FAMILY SERVICES

STATE OF ILLINOIS
JIM EDGAR, GOVERNOR
JESS McDONALD, DIRECTOR

406 EAST MONROE STREET
SPRINGFIELD, ILLINOIS 62701-1498

217-785-2509
217-524-3715 (TTY)

March 9, 1998

Honorable William G. Holland
Auditor General
Iles Park Plaza
740 East Ash
Springfield, IL 62703-3154

Dear Mr. Holland:

As you requested, our response to your audit recommendation number six on the documentation of DCFS ward tuition waivers follows:

Conclusion: DCFS did not keep the summary rating form title "DCFS Scholarship Worksheet" that was used to evaluate candidates.

Response: DCFS will maintain a copy of the "DCFS Scholarship Worksheet" in the ward's information file, which is confidential in its entirety. DCFS will certify the student's waiver eligibility to the respective university in order to protect the clients' confidential information.

Please contact our Chief Auditor, Edward Schofield, at 7852542, should you require more information.

Sincerely,

Jess McDonald

cc: **Phillip M. Gonet**, Deputy Director, Division of Support Services
Jim Kaufmann, Chief, Legislative Liaison
Carolyn Cochran Kopel, Chief of Staff

RECEIVED
AUDITOR GENERAL
SPFLD.
98 MAR 11 PM 1 43