



STATE OF ILLINOIS

OFFICE OF THE AUDITOR GENERAL

MANAGEMENT AUDIT

TUITION AND FEE WAIVERS
SUPPLEMENT

APRIL 1998

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AUDITOR GENERAL

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INTRODUCTION

This is the Supplement to the Management Audit of Tuition and Fee Waivers that has been conducted pursuant to Legislative Audit Commission Resolution Number 108.

The Supplement includes a report on each Illinois public university campus and should be read in conjunction with the main audit report which has chapters on the amount of waivers, compliance with statutory requirements, management of institutional waivers, impact of waivers, and statewide issues.

The chapters consolidate findings and recommendations across State universities. In addition, the main report contains a glossary and appendices. The appendices include waiver program definitions, number and amount of tuition waivers by university and by waiver program, types of financial aid available, and summary of surveys of other states and peer universities.

Below is a list of waiver programs established by statutes. We tested the universities' compliance with these mandates and have reported the results in the section of the Supplement titled "Compliance With State Laws." Another waiver program, for Tutors, is also authorized by statute, but no university said waivers were awarded to Tutors.

☆ CHILDREN OF EMPLOYEES

Children of public university employees who have been employed for at least seven years are eligible for tuition waivers at the university in which their parent is employed. The waivers are equal to 50 percent of undergraduate tuition and require the child be age 25 or younger at the commencement of the academic year (110 ILCS 305/7f for University of Illinois; same requirement for other universities). [The law was revised to allow employees' children to receive this waiver at any State university effective January 1, 1998.]

⌚ RESERVE OFFICER'S TRAINING CORPS

Ten scholarships (tuition waivers) can be awarded at each Illinois public university based on merit to Illinois residents enrolling in Reserve Officer's Training Corps (ROTC). Recipients are exempt from tuition and certain fees. (105 ILCS 5/30-16)

⌚ SENIOR CITIZENS

Citizens who are at least 65 years old and who have been accepted for admission are exempt from paying tuition (110 ILCS 990). Their annual household income must be less than the threshold amount in the "Senior Citizens and Disabled Persons Property Tax Relief and Pharmaceutical Assistance Act." The fiscal year 1996 threshold amount in that Act was \$14,000.

SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS

In order to attain gender equity in intercollegiate athletics, Illinois public universities *may* grant, in addition to any amount previously authorized by the Board (i.e., 3%), tuition waivers not to exceed 1% of all tuition income. (110 ILCS 205/9.24)

TALENT WAIVERS

Public Act 89-307, effective January 1, 1996, authorizes waivers to individuals with academic, athletic, or other abilities. The Act authorizes the Board of Trustees of individual universities to waive that percentage of its undergraduate tuition that is established in regulation by the Illinois Board of Higher Education.

TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION)

This scholarship (tuition waiver) is awarded to recipients who agree to take courses to prepare for teaching children with disabilities. Recipients are eligible for tuition and fee waivers for four calendar years as long as they are enrolled in the special education program. (110 ILCS 947-65.15)

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. The tuition waivers may be split into one year awards and be used for any level of study – undergraduate, graduate, or professional. (105 ILCS 5/30-9)

WARDS OF DCFS

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. (20 ILCS 505/8)

CHILDREN OF VETERANS

This tuition waiver is valid only at the University of Illinois which administers the program. Each county is annually entitled to award one scholarship (waiver) to the University of Illinois for children of persons who served in the United States armed forces during periods of hostility. This statute has been in effect since July 1, 1867 and exempts tuition and fees for four consecutive years. (110 ILCS 305/9)

The University of Illinois’ procedures stated that “*Up to four scholarships per county are awarded each year, one each to a child of a veteran of World War II, the Korean Conflict, the Vietnam Conflict, and the Southwest Asia Conflict.*” Counties distribute applications for this waiver to interested students and select recipients according to the three 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

SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
CHICAGO STATE UNIVERSITY

This Supplement to the Management Audit of Tuition and Fee Waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and other related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

Chicago State University (CSU) reported having 9,103 full-time and part-time students in fall 1995. According to CSU's fiscal year 1996 report submitted to the Illinois Board of Higher Education (IBHE), CSU awarded 969 tuition waivers. Of these, 506 waivers were for undergraduates and 463 waivers were for graduate students. The value of tuition and fee waivers in the data provided to the Office of the Auditor General (OAG) was \$950,259 while in their data provided to the IBHE it was \$933,580 (\$821,512 in tuition waivers and \$112,068 in fee waivers). The total tuition revenue (excluding tuition waivers) reported by CSU was \$13,753,900 (see Exhibit A).

Each year universities report the number and amount of waivers to the IBHE. CSU's fiscal year 1996 data submitted to the OAG contained discrepancies noted below:

- CSU could not provide fiscal year 1996 waiver information on computer disk for audit review. CSU provided us some information on waiver recipients in a paper copy but it did not agree with their IBHE report as discussed below. Ten other State university campuses were able to provide us a list of individual tuition waiver recipients in a computerized format. Therefore, vital statistics, such as the number of graduate and undergraduate waivers, were taken from CSU's report to the IBHE.

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students*	4,453
Part-Time Students*	4,650
Graduate Students*	2,436
Undergraduate Students*	6,667
Graduate	
• Tuition Waivers	463
• Amount	\$233,220
Undergraduate	
• Tuition Waivers	506
• Amount	\$588,292
Tuition Revenue (excluding tuition waivers)	\$13,753,900
Financial Aid (including tuition waivers)	\$27,400,565
* Fall 1995 only. SOURCE: OAG analysis of IBHE and university data.	

- CSU under-reported to the IBHE the number of tuition waivers (969 vs. 984) and the dollar amount of waivers. University officials stated when this audit report was nearly drafted that the data reported to the OAG combined tuition and fees while the data provided to the IBHE separated tuition and fee waivers. However, even after combining tuition and fee waivers there is a \$16,680 discrepancy. CSU reported to the IBHE \$821,512 in tuition waivers and \$112,068 in fee waivers (total \$933,580) while it reported \$950,259 in tuition and fee waivers combined to the OAG.
- CSU officials also stated that there was a timing difference between awards posted to the general ledger used as the basis of the IBHE report and the system reports sent to the OAG, which accounts for differences in remaining waiver amounts.

Exhibit B-1 on the next page shows the waivers for fiscal years 1994 through 1996.

**Exhibit B-1
WAIVERS BY PROGRAM**

UNDERGRADUATE									
WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996*		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	78	\$ 89,364	0	49	\$ 81,738	0	69	\$ 96,557	\$18,288
Athletic	94	167,495	0	74	144,439	0	78	177,227	0
Children of Employees	27	14,793	0	21	11,736	0	20	13,258	0
Faculty/Administrators	8	4,043	\$ 1,054	4	1,902	\$ 484	1	613	0
Foreign Students	0	0	0	1	2,853	184	5	16,588	0
General Assembly	24	48,198	4,093	20	35,488	3,518	32	39,187	3,823
Other - Talent	13	22,926	0	15	18,890	0	41	34,740	0
ROTC	33	32,735	1,559	16	23,594	1,123	31	34,305	1,634
Senior Citizens	2	887	0	5	5,114	978	7	6,687	0
Student Service	19	30,786	0	37	41,894	0	46	60,036	4,498
Support Staff (Civil Service)	169	111,877	28,090	142	98,604	24,757	176	109,094	27,391
Undergraduate Sub-Total	467	\$523,104	\$34,796	384	\$466,252	\$31,044	506	\$588,292	\$55,634
GRADUATE									
WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996*		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	94	\$ 56,326	0	61	\$ 45,242	0	45	\$ 22,103	\$ 5,550
Cooperating Teachers	135	47,434	\$ 8,537	172	59,700	\$14,990	244	80,406	20,188
Dependents of Staff	1	243	104	0	0	0	0	0	0
Faculty/Administrators	32	34,245	8,559	55	27,311	6,851	42	19,704	5,101
Foreign Students	71	34,270	8,604	8	34,237	1,472	6	13,780	3,460
General Assembly	12	10,025	1,452	8	5,730	408	7	8,951	762
Graduate Assistantships	27	20,365	5,113	50	36,383	6,050	47	42,768	10,738
Special Education	6	5,342	539	10	12,294	2,329	15	12,857	2,436
Student Service	24	41,466	0	42	37,211	0	0	0	0
Support Staff (Civil Service)	63	43,061	10,812	63	37,669	9,458	57	32,651	8,199
Graduate Sub-Total	465	\$292,777	\$43,720	469	\$295,777	\$41,558	463	\$233,220	\$56,434
TOTAL	932	\$815,881	\$78,516	853	\$762,029	\$72,602	969	\$821,512	\$112,068

*University officials did not provide information in the computer format requested; therefore, data submitted to IBHE is used. See Exhibit B-2 for combined graduate/undergraduate data submitted to Office of the Auditor General (OAG).

SOURCE: University data provided to IBHE.

**Exhibit B-2
CSU REPORT TO OAG
Fiscal Year 1996**

Tuition Waiver Program	Amount	Number
Academic	\$123,777	128
Athletic	\$169,348	79
Children of Employees	\$13,258	20
Cooperating Teachers	\$85,680	245
Faculty/Administrators	\$23,561	44
Foreign Students	\$33,495	11
General Assembly	\$48,177	39
Graduate Assistantships	\$41,741	47
Other - Talent	\$37,142	42
ROTC	\$30,799	26
Senior Citizens	\$5,209	6
Special Education	\$14,610	15
Student Service	\$52,407	49
Support Staff (Civil Service)	\$158,988	233
TOTAL	\$838,192	984

Source: University data provided to the OAG.

NOTE: Dollar amounts do not include fees which would increase total to \$ 950,259.

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decision processes, internal evaluations, and reporting systems. The audit examined CSU's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems. CSU had some written tuition waiver policies but university-wide policies generally did not address the following:

- Process for determining the total waivers to be awarded by the university.
- Process for allocating waivers to units within the university.
- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting on waivers.
- System for monitoring waiver programs.
- Cut-off date for accepting waivers.
- 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.

During fiscal years 1994-96, Chicago State University had auditors review the award process and accounting of waivers.

AWARD PROCESS

CSU indicated that the Budget Director provides the total dollar amount that is available for tuition waivers to an oversight committee appointed by the CSU President. The committee reviews requests and allocates a budget amount to programs based on priorities and criteria.

- Students apply directly to individual departments which determine eligibility; each department has its own procedures.
- Individual programs complete a request/justification form before fall registration which asks for criteria, number of students, dollar amount of waivers requested, and rationale for waivers.
- Records were kept by the Financial Aid Office, Business Office, and waiver programs.

CSU stated that only graduate assistants and Cooperating Teachers (field supervisors) were awarded tuition waivers in lieu of monetary compensation and had to sign a contract which detailed their responsibilities.

DATA ENTRY CONTROLS

CSU did not have written procedures regarding entry of tuition waivers in the computer system although there was employee turnover. The Financial Aid Director stated he verified monthly reports to ensure the waivers were accurate and that CSU was not out of funds. CSU now has a new computer system which officials said adds controls, such as an exception report that has audit trails showing if information was overridden by the Financial Aid Director.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled 129 tuition waivers at CSU from fiscal year 1996 to review CSU's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of documents missing is calculated based on applicable documents (applicable documents are discussed in the section "Waivers Sampled" of Chapter 4).

Statutory Waivers

- 11 of 21 waivers (52%) did not have written application forms or application letters.
- 18 of 42 waivers (43%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- 15 of 42 waivers (36%) did not have documentation of the decision to award the waiver.
- Contracts were not required for any of CSU's statutory programs, including ROTC.

Institutional Waivers

- 21 of 79 waivers (27%) did not have written application forms or application letters.
- 24 of 78 waivers (31%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- 16 of 87 waivers (18%) did not have documentation of the decision to award the waiver.
- All applicable waivers had written contracts.

CSU did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed CSU's compliance with these laws, primarily for individuals in our sample. All waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted in this section, as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

☆ **CHILDREN OF EMPLOYEES.** Eight individuals in our random sample at CSU received this waiver in fiscal year 1996. For these individuals, CSU complied with the statutory requirements tested. Three students sampled had a cumulative GPA of 2.0 or less at the end of fiscal year 1996.

⌚ **RESERVE OFFICER'S TRAINING CORPS.** CSU exceeded the limit of ten ROTC recipients during fiscal year 1996 because it had 26 recipients. Ten recipients in our random sample at CSU received this waiver in fiscal year 1996. Four of the ten recipients did not meet the scholastic requirement of maintaining a 2.0 cumulative GPA.

⌚ **SENIOR CITIZENS.** Three recipients in our sample at CSU received this waiver in fiscal year 1996. For two recipients, CSU did not have any documentation for us to determine statutory compliance (e.g., age 65, income below \$14,000).

⌚ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** CSU did not award any Sports Equity waivers in fiscal year 1996.

⌚ **TALENT WAIVERS.** IBHE reported that the university did not exceed the three percent limit on undergraduate waivers for fiscal year 1996. For details about these waivers, see the section below titled "Institutional Waivers."

⌚ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** Six recipients in our random sample at CSU received this waiver in fiscal year 1996 which indicated the following:

- For one individual, the Illinois Student Assistance Commission (which authorizes the waiver) said this person was not on its list of recipients. University records, however, indicate the student was issued this Special Education waiver.
- Four students had a cumulative GPA of 3.75 or higher during their last semester of fiscal year 1996, including two who had a cumulative GPA of 4.0.

⌚ **GENERAL ASSEMBLY.** Fifteen recipients in our random sample at CSU received this waiver in fiscal year 1996 which indicated the following:

- Two recipients sampled had addresses outside the awarding legislators' district.
- One recipient sampled had a cumulative GPA of 3.75 or higher at the end of fiscal year 1996.
- Four recipients sampled had a cumulative GPA of 2.0 or less at the end of fiscal year 1996.

⌚ **WARDS OF DCFS.** CSU did not report any DCFS waivers in fiscal year 1996.

INSTITUTIONAL WAIVERS

During fieldwork, we tested 87 institutional waivers at CSU to determine if they had applications, of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may and above or 2.00 and below; graduate students whose GPA were below 3.00 are also reported.

<i>Exhibit C</i>				
INSTITUTIONAL WAIVER PROGRAMS				
ACADEMIC				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Academic CSU Graduate Scholarship Presidential Scholarship Program			<ul style="list-style-type: none"> Criteria varies by program. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
10-065	\$269.50	Yes	<ul style="list-style-type: none"> No application No decision document 	Student's cumulative GPA: 4.0
10-066	\$380.50	Yes	<ul style="list-style-type: none"> No application No decision document 	Student's cumulative GPA: 4.0
10-067	\$259.50	Yes	<ul style="list-style-type: none"> No application No decision document 	Student's cumulative GPA: 4.0 Could not determine that the student was a degree seeking student without the application.
10-068	\$1,557.00	Yes	<ul style="list-style-type: none"> No application No decision document No FY96 transcript information 	Could not determine that the student was a degree seeking student because the student's transcript does not include any fiscal year 1996 coursework.
10-069	\$984.00	Yes	<ul style="list-style-type: none"> No application No essay 	Student withdrew from two classes during audit period.
10-070	\$613.00	Yes	<ul style="list-style-type: none"> No application No essay 	
10-071	\$1,277.00	Yes	<ul style="list-style-type: none"> No essay 	Student's spring 1996 cumulative GPA was 4.0
10-072	\$984.00	Yes		Student received 2 D's, 1 F, and withdrew from 2 courses during audit period.
10-073	\$1,968.00	Yes	<ul style="list-style-type: none"> No documentation of 40 hours of volunteer work No decision document 	Student's cumulative GPA: 4.0
10-074	\$984.00	Yes	<ul style="list-style-type: none"> No decision document No 1995 volunteer sheet to verify hours 	Student withdrew from all spring 1996 courses, failing to meet waiver criteria of completing 12 hours per semester.
10-075	\$2,952.00	Yes	<ul style="list-style-type: none"> No decision document No high school transcripts No interview/evaluation 	
10-076	\$1,975.00	No	<ul style="list-style-type: none"> No essay No recommendations No high school transcripts No application No ACT score verification 	Student received a 2.0 GPA in fall 1995, and withdrew from all spring 1996 classes.

ATHLETIC				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Talent-Athletics			<ul style="list-style-type: none"> • 12 hour minimum enrollment. • Maintain a minimum 2.0 cumulative GPA. • Apply for an Illinois State Scholarship Award. • Not refuse any other tuition scholarship. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
11-057	\$5,805.00	No		
11-058	\$1,968.00	Yes		Student received 3 D's during audit period.
11-059	\$1,935.00	Yes		Student received 2 D's during audit period.
11-060	\$984.00	Yes		Student received 7 A's during audit period, and obtained a 4.0 in fall 1995 .
11-061	\$1,968.00	Yes		
11-062	\$536.00	Yes		
11-063	\$1,938.00	Yes		Student received 1 D and 3 F's during audit period.
11-064	\$5,904.00	Yes		Student received 6 A's during audit period.
COOPERATING TEACHERS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Cooperating Teachers			<ul style="list-style-type: none"> • A three-hour waiver issued for every 50 hours of supervision. • Recipient must have a bachelors degree. • Waiver must be used within one year. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
12-033	\$390.50	Yes		Student's cumulative GPA: 3.78
12-034	\$289.50	Yes		Received waiver for spring 1996, but certificate was dated December 1996. Student's cumulative GPA: 4.0
12-035	\$380.50	Yes		
12-036	\$289.50	Yes	<ul style="list-style-type: none"> • No "Application/ Observation" which entitled the recipient to a tuition waiver 	Student's cumulative GPA: 4.0
12-037	\$345.50	Yes	<ul style="list-style-type: none"> • No "Application/ Observation" which entitled the recipient to a tuition waiver 	Student's cumulative GPA: 2.80
12-038	\$289.50	Yes		Student's cumulative GPA: 4.0
12-039	\$730.00	Yes		Student's cumulative GPA: 4.0
12-040	\$289.50	Yes	<ul style="list-style-type: none"> • No "Application/ Observation" which entitled the recipient to a tuition waiver 	Student's cumulative GPA: 4.0
12-041	\$380.50	Yes	<ul style="list-style-type: none"> • No "Application/ Observation" which entitled the recipient to a tuition waiver 	
12-042	\$289.50	Yes		
12-043	\$289.50	Yes		Student's cumulative GPA: 3.8
12-044	\$289.50	Yes		Student's cumulative GPA: 4.0
12-045	\$380.50	Yes		Student used a tuition waiver that had expired. Waiver was not used during the one-year time that it was valid.
12-046	\$595.00	Yes	<ul style="list-style-type: none"> • No "Application/ Observation" for fall 	

			1995 waiver which entitled the recipient to a tuition waiver	
12-047	\$380.50	Yes		Student's cumulative GPA: 4.0
12-048	\$761.00	Yes		
12-049	\$761.00	Yes	<ul style="list-style-type: none"> Missing fall 1995 application to use waiver Missing spring 1996 "Application/Observation" which entitled the recipient to a tuition waiver 	Student's cumulative GPA: 4.0
12-050	\$289.50	Yes		Student's cumulative GPA: 3.75
12-051	\$289.50	Yes		Student's cumulative GPA: 3.75
12-052	\$289.50	Yes		
12-053	\$289.50	Yes		
12-054	\$289.50	Yes		Student used a tuition waiver that had expired. Waiver was not used during the one-year time that it was valid.
12-055	\$380.50	Yes		
12-056	\$767.00	Yes		Student's cumulative GPA: 3.86
FACULTY/ADMINISTRATORS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Administrative Staff Waiver Faculty Education Benefits			<ul style="list-style-type: none"> CSU employee. Two course maximum in an academic term. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
14-005	\$380.50	Yes		Student withdrew from class.
14-006	\$1,158.00	Yes	<ul style="list-style-type: none"> No application No FY96 decision document 	CSU comptroller stated he reviewed this student's file and can assure that the employee was eligible for a waiver.
14-007	\$304.00	Yes		
14-008	\$1,280.00	Yes		Student's cumulative GPA: 3.83. Student received an incomplete in 3 of 4 FY96 courses.
14-009	\$380.50	Yes		Student's cumulative GPA: 3.86
FOREIGN STUDENTS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
CSU Foreign Graduate CSU Foreign Undergraduate			<ul style="list-style-type: none"> No specific criteria provided for this program. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
15-086	\$5,754.50	Yes	<ul style="list-style-type: none"> No application 	Student's cumulative GPA: 4.0
15-087	\$206.00	Yes	<ul style="list-style-type: none"> No application No decision document 	CSU indicated this was not a foreign student; there was no documentation of any other type of waiver. Student's cumulative GPA: 4.0
GRADUATE ASSISTANTS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Graduate Assistantships			<ul style="list-style-type: none"> Satisfactory academic progress in a postgraduate degree program. Exempt from tuition for two courses and/or up to six credit hours. <p>Note: University officials stated that all eligible students interested in becoming a graduate assistant</p>	

				attend informational meetings. These are followed by faculty/candidate sessions and thus no generic form is needed. Only 30 graduate assistant waivers are issued each semester. Approximately 2,500 graduate students are enrolled.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
16-001	\$1,286.00	Yes	• No application	Student's cumulative GPA: 4.0
16-002	\$1,020.50	Yes	• No application	
16-003	\$289.50	Yes	• No application	Contract not signed. Student's cumulative GPA: 4.0
16-004	\$1,280.00	Yes	• No application	
OTHER TALENT				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Other Talent Special Waiver -2 Talent: Art Talent: Leadership Talent: Music				<ul style="list-style-type: none"> • 12 hour minimum enrollment. • Maintain a minimum GPA of 2.0. • Apply for an Illinois State Scholarship award, and must not have refused any other tuition scholarships.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
19-077	\$668.00	Yes		
19-078	\$984.00	No	<ul style="list-style-type: none"> • No application • No decision document 	Student received 2 F's, 1 D, and an incomplete during the audit period. Student's cumulative GPA 2.0.
19-079	\$1,968.00	Yes	<ul style="list-style-type: none"> • No application • No decision document 	No documentation provided. The student's accounting records do not reflect the tuition waiver was awarded to her as indicated in the university's expenditures report. Microfiche documents indicate student did not receive a waiver. CSU was unable to explain the discrepancy.
19-080	\$1,968.00	Yes	<ul style="list-style-type: none"> • No spring 1996 decision document 	Financial Aid Director did not sign the spring 1996 application approval form as required.
19-081	\$450.00	Yes		Student received 5 D's, 1 F, and withdrew from 2 classes during the audit period.
STUDENT SERVICE				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Student Service CSU Argonne Lab MBS 1835 SGA Scholarship				<ul style="list-style-type: none"> • Criteria varies by program.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
21-082	\$951.00	Yes		
21-083	\$1,968.00	Yes	<ul style="list-style-type: none"> • No application 	Student received 1 D, 1 F, and withdrew from 1 class during audit period.
21-084	\$1,159.00	Yes		Student did not maintain full-time status.
21-085	\$90.00	Yes		Student did not maintain minimum GPA requirement of 3.0. Student received 1 F and withdrew from 4 classes.
SUPPORT STAFF (CIVIL SERVICE)				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Support Staff Civil Service Graduate Civil Service Undergraduate				<ul style="list-style-type: none"> • CSU employee. • Courses up to the following maximum in any semester:

				1. Full-time - 6 hours 2. ¾-time - 4 hours 3. ½-time - 3 hours 4. Summer Session - 3 hours
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
22-010	\$636.00	Yes		Student's cumulative GPA: 4.0
22-011	\$1,582.50	Yes		
22-012	\$640.00	Yes		Student's cumulative GPA: 4.0
22-013	\$905.50	No		Student's cumulative GPA: 3.97 Transcript indicates waiver was awarded for the same music course several times.
22-014	\$588.00	Yes		Transcript indicates waiver was awarded for the same music course several times. Student's cumulative GPA: 3.76
22-015	\$275.00	Yes		
22-016	\$1,232.00	Yes	<ul style="list-style-type: none"> No application for spring 1996 No decision document for spring 1996 	
22-017	\$613.00	Yes		
22-018	\$1,640.00	Yes	<ul style="list-style-type: none"> No fall 1995 application No fall 1995 decision document 	
22-019	\$336.00	Yes		
22-020	\$449.00	Yes		
22-021	\$1,226.00	Yes	<ul style="list-style-type: none"> No application No decision document 	Student's cumulative GPA: 1.7
22-022	\$332.00	Yes		
22-023	\$1,226.00	Yes		Student's cumulative GPA: 4.0
22-024	\$734.00	Yes		
22-025	\$332.00	Yes		
22-026	\$276.00	Yes		Student's cumulative GPA: 4.0
22-027	\$734.00	Yes		
22-028	\$980.00	Yes		
22-029	\$1,226.00	Yes		
22-030	\$1,222.00	Yes		
22-031	\$1,232.00	Yes		
22-032	\$980.00	Yes		

NOTE: GPA shown is students' cumulative GPA at the end of their last semester within the audit period.

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/ grants, loans, and employment. CSU reported in the *IBHE Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	5,610	\$ 8,342,637
• State programs (e.g., Monetary Award Program, National Guard Grants)	8,629	\$ 17,659,894
• Institutional programs (e.g., Tuition Waivers)	779	\$ 852,033
• Other sources of funds (e.g., Scholarships, Grants, and Fellowships)	296	\$ 546,001
TOTAL	15,314	\$ 27,400,565

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities for us to survey about tuition waivers. Chicago State University stated that it did not have a group of peer universities to which it compares itself academically.

F. UNIVERSITY'S COMMENTS ON IMPACT OF WAIVERS

We invited CSU to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. CSU did not submit any written comments.

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main audit report:

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

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.

H. UNIVERSITY'S RESPONSE TO THE AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from CSU is reproduced on the following page.



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**.

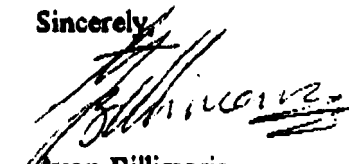
Recommendation #3 The Financial Aid Director will maintain complete **selection** records of all waiver recipients.

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

SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
EASTERN ILLINOIS UNIVERSITY

This Supplement to the Management Audit of Tuition and Fee Waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and other related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

Eastern Illinois University (EIU) reported having 11,424 full-time and part-time students in fall 1995. EIU awarded 1,801 tuition waivers to 1,776 students. Of these, 863 waivers were for undergraduates and 938 waivers were for graduate students. The value of tuition and fee waivers was \$2,415,698. The total tuition revenue (excluding tuition waivers) reported by EIU was \$19,844,100 (see Exhibit A).

Each year universities report the number and amount of waivers to the Illinois Board of Higher Education (IBHE). EIU's fiscal year 1996 report to IBHE, which we reviewed, contained discrepancies that are noted below:

- EIU reported to IBHE 1,906 waivers worth \$2,425,800. The audit found 1,801 waivers worth \$2,415,698. University officials stated that the difference was caused by a timing discrepancy between the time the report was provided to IBHE (during the school year) and the time the information was provided to the Office of the Auditor General (OAG) – after the school year.

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students*	9,547
Part-Time Students*	1,877
Graduate Students*	1,600
Undergraduate Students*	9,824
Graduate	
• Tuition Waivers	938
• Amount	\$1,057,068
Undergraduate	
• Tuition Waivers	863
• Amount	\$1,358,630
Tuition Revenue (excluding tuition waivers)	\$19,844,100
Financial Aid (including tuition waivers)	\$35,369,421
* Fall 1995 only. Numbers may not add due to rounding. SOURCE: OAG analysis of IBHE and university data.	

- EIU officials stated that they do not waive fees for any student who gets a tuition waiver except for some employee-related waivers. Other fees are paid by EIU from appropriated dollars. In its report to the IBHE, however, EIU reported fees waived for all programs.

Exhibit B on the next page shows the waivers for fiscal years 1994 through 1996.

**Exhibit B
WAIVERS BY PROGRAM**

UNDERGRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees*
Academic	84	\$133,600	0	75	\$ 130,400	0	83	\$ 133,978	
Athletic	216	317,700	0	158	326,100	0	149	335,544	
Children of Employees	80	71,500	0	94	82,400	0	94	80,443	
Cooperating Teachers	1	800	0	1	300	0	2	2,370	
Dependents of Staff	4	5,000	\$ 1,300	4	6,500	\$ 2,200	5	9,763	
Disadvantaged Students	10	8,200	0	4	7,000	0	0	0	
Faculty/Administrators	2	2,800	300	2	1,100	400	3	1,902	
Foreign Students	12	55,400	0	10	56,800	0	13	58,302	
General Assembly	140	228,700	0	121	204,300	0	128	231,092	
Graduate	1	1,800	0	0	0	0	0	0	
Other	0	0	0	0	0	0	1	87	
Partnership for Excellence	0	0	0	47	17,000	5,800	0	0	
ROTC	69	125,300	0	94	168,600	0	92	139,728	
Special Education	123	215,600	0	107	240,700	0	103	215,696	
Support Staff (Civil Service)	188	99,500	\$29,500	260	159,800	32,900	185	138,327	
Undergraduate- Special	0	0	0	1	1,600	0	0	0	
Wards of DCFS	8	17,600	0	6	13,300	0	5	11,398	
Undergraduate Sub-Total	938	\$1,283,500	\$31,100	984	\$1,415,900	\$41,300	863	\$1,358,630	*

GRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees*
Academic	2	\$ 3,900	0	2	\$ 2,000	0	6	\$ 6,001	
Athletic	0	0	0	1	1,000	0	2	2,952	
Co-team Waiver	0	0	0	32	8,000	0	25	6,488	
Cooperating Teachers	406	134,400	\$ 8,600	296	162,900	\$ 37,800	327	173,608	
Disadvantaged Students	1	1,000	0	0	0	0	0	0	
Faculty/Administrators	50	20,700	7,800	27	21,200	6,100	59	38,994	
Foreign Students	32	147,000	0	27	151,900	0	29	134,235	
General Assembly	14	6,800	0	8	7,900	0	8	8,996	
Graduate Assistantships	459	559,600	0	312	571,700	0	341	574,338	
Graduate Federal Program	3	2,900	0	0	0	0	0	0	
Miscellaneous	0	0	0	0	0	0	5	1,298	
National Science	0	0	0	16	0	9,300	0	0	
Other	0	0	0	0	0	0	12	1,038	
Passau Waiver	0	0	0	10	7,400	0	9	6,661	
Presidential Waiver	13	1,700	0	1	300	0	0	0	
ROTC	2	3,900	0	2	2,000	0	3	5,929	
Special Education	13	13,600	0	10	17,700	0	19	23,305	
Support Staff (Civil Service)	93	44,300	14,600	76	54,800	13,500	93	73,226	
Wards of DCFS	0	0	0	1	1,000	0	0	0	
Graduate Sub-Total	1,088	\$939,800	31,000	821	\$1,009,800	\$ 66,700	938	\$1,057,069	*
TOTAL	2,026	\$2,223,300	\$62,100	1,805	\$2,425,700	\$108,000	1,801	\$2,415,698	*

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

*University officials stated that in fiscal year 1996 fee waivers, except for some employee-related waivers, were paid from University funds and treated as a scholarship.

SOURCE: University data provided to IBHE (fiscal years 1994 and 1995) and Office of the Auditor General (fiscal year 1996).

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decision processes, internal evaluations, and reporting systems. The audit examined EIU's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems. EIU had some written tuition waiver policies but university-wide policies generally did not address the following:

- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting on waivers.
- System for monitoring waiver programs.
- Cut-off date for accepting waivers.
- 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.

Internal audits or other reviews of tuition waivers were not performed during fiscal years 1994-96.

AWARD PROCESS

EIU indicated that the President's Council, along with the Budget Director, decides the number and dollar amount of institutional waivers. A formula, published in the governing policies, is used to allocate waivers to each department. Some departments have their own application forms, eligibility requirements, selection criteria, and decision memoranda. Departments determine which students have the talents they are seeking. The award process is as follows:

- Departments/Colleges make awards and notify the Financial Aid Office.
- Financial Aid Office enters data into the computer and maintains records on all waivers.
- Billings Receivable System reconciles Financial Aid Office records with accounting records.
- Business Office monitors records to show Billing System data was checked.
- Accounting Office monitors gross dollars by fund.
- Financial Aid Office keeps records on statutory waivers.

University officials said that only Cooperating Teachers were awarded tuition waivers in addition to compensation.

DATA ENTRY CONTROLS

Eastern had written procedures regarding entry of tuition waiver data in the computer system but did not conduct supervisory reviews of tuition waivers entered into the computer system. They sent a list of waiver recipients to the academic department that issued the waiver for review; the department was to respond only if there was a discrepancy.

We also reviewed EIU's control environment and activities over tuition waivers and noted that EIU had no management reports to monitor tuition and fee waivers.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled 149 tuition waivers at EIU from fiscal year 1996 to review the university's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of documents missing is calculated based on applicable documents (applicable documents are discussed in the section "Waivers Sampled" of Chapter 4).

Statutory

- 10 of 23 waivers (43%) did not have written application forms or application letters.
- 1 of 59 waivers (2%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- All 59 waivers had documentation of the decision to award the waiver.
- 5 of 13 waivers (38%) did not have a written contract for ROTC.

Institutional

- 2 of 54 waivers (4%) did not have written application forms or application letters.
- 10 of 79 waivers (13%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- 1 of 89 waivers (1%) did not have documentation of the decision to award the waiver.
- 1 of 35 waivers (3%) did not have a written contract.

EIU did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed EIU's compliance with these laws, primarily for individuals in our sample. All tuition waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted, as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

☆ **CHILDREN OF EMPLOYEES.** Thirteen individuals in our random sample at EIU received this waiver in fiscal year 1996. One individual had a cumulative GPA below 2.0. The random sample of waivers at EIU indicated that recipients complied with the statutory requirements we tested.

⌚ **RESERVE OFFICER'S TRAINING CORPS.** EIU exceeded the limit of ten ROTC recipients during fiscal year 1996 because it had 40 recipients. Thirteen individuals in our random sample at EIU received this waiver in fiscal year 1996 which indicated the following:

- Application forms were not maintained for individuals who applied for this waiver (except for Junior College transfers).
- EIU did not have contracts for five individuals sampled.
- One individual sampled had a cumulative GPA above 3.75.

⌚ **SENIOR CITIZENS.** EIU did not report any Senior Citizens waivers in fiscal year 1996.

⌚ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** EIU did not award any Sports Equity waivers in fiscal year 1996.

⌚ **TALENT WAIVERS.** IBHE reported that the university did not exceed the three percent limit on undergraduate waivers for fiscal year 1996. For details about these waivers, see the section below titled "Institutional Waivers."

⌚ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** Sixteen individuals in our random sample at EIU received this waiver in fiscal year 1996 which indicated the following:

- For all individuals, EIU had the required certificate from the Illinois Student Assistance Commission showing a tuition waiver was authorized.
- Two individuals had a cumulative GPA above 3.75.

⌚ **GENERAL ASSEMBLY.** Seventeen individuals in our random sample received this waiver in fiscal year 1996 which indicated the following:

- One recipient had an address outside the awarding legislator's district.
- Two recipients had a cumulative GPA below 2.0 while two others had a cumulative GPA above 3.75.

⌚ **WARDS OF DCFS.** No recipients in our random sample at this university received this waiver in fiscal year 1996.

INSTITUTIONAL WAIVERS

During fieldwork, we sampled 90 institutional waivers at EIU to determine if they had applications, eligibility and selection criteria, decision documents, and contracts when applicable. The results of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may have been different). The “Observations” column includes cumulative grade point averages if they were 3.75 and above or 2.00 and below; graduate students whose GPA were below 3.00 are also reported.

<i>Exhibit C</i>				
INSTITUTIONAL WAIVER PROGRAMS				
ACADEMIC				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Non-Athletic Talented Student Award Waiver			<ul style="list-style-type: none"> Various criteria for each waiver. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
10-078	\$ 984.00	Yes	<ul style="list-style-type: none"> No nomination No documentation of good standing with student Judicial Affairs unit 	University officials stated that the nomination was made verbally and a phone call was made to check good standing with student Judicial Affairs unit which monitors student actions on campus.
10-079	\$ 1,968.00	Yes		Individual had a 4.0 cumulative GPA.
10-080	\$ 984.00	Yes		Individual received 4 F's, withdrew from 6 courses, and had a 1.95 cumulative GPA during audit period.
10-081	\$ 1,968.00	Yes		Individual had a 3.82 cumulative GPA.
10-082	\$ 1,968.00	Yes		
10-083	\$ 984.00	Yes		Individual had a 4.0 cumulative GPA.
ATHLETIC				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Athletic Talented Student Award Waiver			<ul style="list-style-type: none"> N/A (athletes selected by coaches). 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
11-068	\$ 1,968.00	Yes		
11-069	\$ 1,968.00	No		Initially received a talent grant that was later changed to a tuition waiver during audit period.
11-070	\$ 984.00	Yes		Individual received 2 F's and 2 D's during audit period.
11-071	\$ 1,968.00	Yes		Individual received 1 F and 2 D's during audit period.
11-072	\$ 1,968.00	Yes		
11-073	\$ 984.00	Yes		
11-074	\$ 1,968.00	Yes		Waiver was renewed although individual's cumulative GPA for academic year 1995 was 1.92. Individual received 1 D and withdrew from one course during audit period.
11-075	\$ 1,968.00	Yes		
11-076	\$ 1,968.00	No		Out-of-state individual received waiver at in-state tuition rate.
11-077	\$ 1,968.00	No		Out-of-state individual received waiver at in-state tuition rate.

COOPERATING TEACHERS

<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Cooperating Teacher Waiver				<ul style="list-style-type: none"> • Earn non-transferable waivers based on the number of credit hours a student/teacher is assigned (12-15 credit hours = 3 credit hours waiver, 8-11 credit hours = 2 credit hours waiver, and 7 or less credit hours = 1 credit hour waiver). • Principals earn Administrative Course waivers for hours earned by their teachers and are transferable (11-15 credit hours = 3 credit hours waiver, 6-10 credit hours = 2 credit hours waiver, and 5 or less credit hours = 1 credit hour waiver). • Waivers must be used within 1 calendar year. • Must be used for graduate course credit only.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
12-046	\$ 656.10	Yes		Individual had a 3.77 cumulative GPA.
12-047	\$ 173.00	Yes		Instead of EIU awarding certificates, a blank one was given to the school district to award the waiver. Individual had a 4.0 cumulative GPA.
12-048	\$ 109.35	Yes		Individual received an incomplete during audit period. Recipient was not listed in school directory provided (see Footnote #1). Individual had a cumulative GPA of 0.0.
12-049	\$ 328.05	Yes		
12-050	\$ 437.40	Yes		Individual had a 3.93 cumulative GPA.
12-051	\$ 984.15	Yes		Individual had a 3.89 cumulative GPA.
12-052	\$ 86.50	Yes		Instead of EIU awarding certificates, a blank one was given to the school district to award the waiver. Individual had a 4.0 cumulative GPA.
12-053	\$ 1,093.50	Yes		Instead of EIU awarding certificates, a blank one was given to the school district to award the waiver.
12-054	\$ 328.05	Yes		Waiver was issued and used the in the same semester as it was being earned.
12-055	\$ 259.50	Yes		
12-056	\$ 546.75	Yes		
12-057	\$ 86.50	Yes		Individual had a 4.0 cumulative GPA.
12-058	\$ 984.15	Yes		Individual had a 4.0 cumulative GPA.
12-059	\$ 328.05	Yes		Instead of EIU awarding certificates, a blank one was given to the school district to award the waiver. Individual had a 4.0 cumulative GPA.
12-060	\$ 259.50	Yes		
12-061	\$ 437.40	Yes	• No decision document	The waiver was backdated and applied to the fall 1995 term. Officials stated that the waivers were earned during fall 1995 but the necessary paperwork was not processed until the end of spring 1996. Individual had a 3.75 cumulative GPA.
12-062	\$ 218.70	Yes		Waiver was earned by a director of an external agency and transferred to a staff member. EIU's policies do not have a provision to allow this type of transfer. Individual had a 2.0 cumulative GPA.
12-063	\$ 437.40	Yes		Individual had a 3.92 cumulative GPA.
12-064	\$ 546.75	Yes		Individual had a 3.81 cumulative GPA.
12-065	\$ 328.05	Yes		Individual had a 3.9 cumulative GPA.
12-066	\$ 437.40	Yes		Recipient was not listed in the school directory provided (see Footnote #1). Individual had a 3.83 cumulative GPA.

12-067	\$ 984.15	Yes		Individual had a 3.86 cumulative GPA.
Footnote # 1: Waiver was transferred, but there was no support that recipient was an authorized principal or teacher in the same district.				
FACULTY/ADMINISTRATORS				
University Waiver Program				Eligibility and Selection Criteria
				<ul style="list-style-type: none"> • Must get approval of waiver prior to the beginning of course work. • Maximum of 2 courses or 6 credit hours, whichever is greater.
OAG #	Total Waiver	IL Res	Missing Records	Observations
14-023	\$ 573.75	Yes		
14-024	\$ 803.25	Yes		Individual had a 4.0 cumulative GPA.
14-025	\$ 1,032.75	Yes		
14-026	\$ 1,377.00	Yes		Individual had a 3.75 cumulative GPA.
14-027	\$ 114.75	Yes		
FOREIGN STUDENTS				
University Waiver Program				Eligibility and Selection Criteria
Foreign Student Waiver				<ul style="list-style-type: none"> • F-1 or J-1 Visa. • Minimum cumulative GPA of 2.5 for undergraduate student and 2.75 for graduate. • Admission into EIU. • Approval of Affidavit of financial support by the Office of International Programs. • International student application. • Enrollment & retention of 12 credit hours for fall and spring; and 8 credit hours for summer.
OAG #	Total Waiver	IL Res	Missing Records	Observations
15-084	\$ 7,821.00	No		Individual had a 3.83 cumulative GPA.
15-085	\$ 2,952.00	No		
15-086	\$ 1,593.00	No		Contract missing recipient's signature. Did not enroll and complete 8 credit hours during summer which was a criteria. University officials provided a memo explaining that 8 hours of course work were not offered during the summer term, therefore, individual was allowed to take less than 8 credit hours. Individual had a 3.86 cumulative GPA.
GRADUATE ASSISTANTS				
University Waiver Program				Eligibility and Selection Criteria
Graduate Assistant Tuition Waiver				<ul style="list-style-type: none"> • Baccalaureate degree or equivalent. • Admitted into graduate school. • Meet academic requirements established by the Council on Graduate Studies. • Register for 8-16 hours. • Undergraduate GPA of 3.0 (last 60 hours) OR, if already a graduate student (with at least 10 semester hours), a GPA of 3.5+ if recipient's undergraduate GPA was under a 2.75.
OAG #	Total Waiver	IL Res	Missing Records	Observations
16-001	\$ 605.50	Yes		Individual had a 4.0 cumulative GPA.
16-002	\$ 2,335.50	No	• No application	Individual had a 4.0 cumulative GPA.
16-003	\$ 2,076.00	Yes		
16-004	\$ 2,076.00	Yes		Individual had a 3.91 cumulative GPA.

16-005	\$ 605.50	Yes		Individual had a 3.89 cumulative GPA.
16-006	\$ 1,038.00	Yes		Individual had a 2.75 cumulative GPA.
16-007	\$ 2,681.50	Yes		Individual had a 3.94 cumulative GPA.
16-008	\$ 2,076.00	Yes		
16-009	\$ 2,076.00	Yes		Individual had a 3.81 cumulative GPA.
16-010	\$ 1,038.00	Yes		Individual had a 4.0 cumulative GPA.
16-011	\$ 2,076.00	Yes		Individual registered for 12 credit hours for fall 1995, but completed only 4 credit hours and still received a full graduate assistantship for spring 1996.
16-012	\$ 2,076.00	Yes		
16-013	\$ 2,076.00	Yes		
16-014	\$ 2076.00	Yes		Individual had a 3.82 cumulative GPA.
16-015	\$ 2,335.50	Yes		
16-016	\$ 1,989.50	Yes		Individual had a 4.0 cumulative GPA.
16-017	\$ 2076.00	Yes		Did not meet GPA requirement. The graduate school accepted the student with a lower GPA than the criteria, based on a guideline that was not published (and is currently being reviewed).
16-018	\$ 2,249.00	Yes		
16-019	\$ 519.00	Yes	• No application	Individual had a 3.81 cumulative GPA.
16-020	\$ 2,076.00	Yes		Individual had a 4.0 cumulative GPA.
16-021	\$ 1,903.00	Yes		Did not meet GPA requirement. The graduate school accepted the student with a lower GPA than the criteria based on a guideline that was not published (and is currently being reviewed).
16-022	\$ 2,076.00	No		Individual had a 3.88 cumulative GPA.

OTHER

University Waiver Program				Eligibility and Selection Criteria
Co-Team Waiver				<ul style="list-style-type: none"> • Various criteria for each waiver.
EIU Waiver				
Passau Tuition Waiver				
OAG #	Total Waiver	IL Res	Missing Records	Observations
18-087	\$ 259.50	Yes		Individual was a Co-Team waiver recipient. Program faculty were awarded a federal grant which resulted in recipients getting tuition waivers. Individual had a 4.0 cumulative GPA.
18-088	\$ 259.50	Yes		Individual was a Co-Team waiver recipient. Program faculty were awarded a federal grant which resulted in recipients getting tuition waivers. Individual had a 4.0 cumulative GPA.
18-089	\$ 86.50	Yes		Individual received an incomplete for a workshop which was the only class taken during audit period.
18-090	\$ 865.00	No		Individual was a Passau Tuition Waiver recipient and had a 4.0 cumulative GPA.

SUPPORT STAFF (CIVIL SERVICE)

University Waiver Program				Eligibility and Selection Criteria
Civil Service Waiver				<ul style="list-style-type: none"> • Full time employee can receive 6 credit hours per semester; ¾ time employee can receive 4 credit hours; or ½ time employee can receive 3 credit hours per semester. • Must get approval of waiver prior to beginning of course work. • Must make arrangements to make up for classes

				taken during work hours.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
22-028	\$ 825.50	Yes		
22-029	\$ 661.50	Yes		Individual had a 3.85 cumulative GPA.
22-030	\$ 1,323.00	Yes		Individual had a 3.75 cumulative GPA.
22-031	\$ 330.75	Yes		Individual had a 4.0 cumulative GPA.
22-032	\$ 918.00	Yes		
22-033	\$ 1,311.80	Yes		
22-034	\$ 262.20	Yes		
22-035	\$ 1,048.80	Yes		Did not get approval of waiver prior to beginning of course work. Individual had a 3.87 cumulative GPA.
22-036	\$ 441.00	Yes		Individual withdrew from one of two courses during audit period.
22-037	\$ 934.40	Yes		Individual received an F during audit period.
22-038	\$ 330.75	Yes		Individual had a 4.0 cumulative GPA.
22-039	\$ 742.13	Yes		Individual withdrew from one of three courses during audit period.
22-040	\$ 852.40	Yes		
22-041	\$ 275.70	Yes		Individual withdrew from only course for which registered.
22-042	\$ 330.75	Yes		Individual did not get approval of waiver prior to beginning of course work.
22-043	\$ 836.20	Yes		Individual withdrew from three courses during audit period.
22-044	\$ 1,377.00	Yes		Individual had a 4.0 cumulative GPA.
22-045	\$ 275.70	Yes		Individual withdrew from only course for which registered although the cumulative GPA from past courses was 4.0.

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/grants, loans, and employment. EIU reported in the *IBHE Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	10,195	\$21,612,336
• State programs (e.g., Monetary Award Program, National Guard Grants)	3,298	\$ 5,970,626
• Institutional programs (e.g., Tuition Waivers)	6,807	\$ 6,830,804
• Other sources of funds (e.g., Scholarships, Grants, and Fellowships)	<u>856</u>	<u>\$ 955,655</u>
TOTAL	21,156	\$35,369,421

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities so we could send them a survey questionnaire about tuition waivers. Eastern identified only Illinois public universities as its peer universities which were not surveyed because they are already reported upon in this audit.

F. UNIVERSITY'S COMMENTS ON IMPACT OF WAIVERS

We invited EIU to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. EIU commented as follows:

“The answer to this question depends on whether the students who are now receiving tuition waivers at Eastern would still attend the University if they were not given waivers. If the students would continue to attend the University without the waiver, then more tuition waiver 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.”

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main audit report:

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

H. UNIVERSITY'S RESPONSE TO THE AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from EIU is reproduced on the following pages.



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.

SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
GOVERNORS STATE UNIVERSITY

This Supplement to the Management Audit of Tuition and Fee Waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and other related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

Governors State University (GSU) reported having 6,073 full-time and part-time students in fall 1995. GSU awarded 428 tuition waivers to 417 students. Of these, 119 waivers were for undergraduates and 309 were for graduate students. The value of tuition waivers was \$448,741 and fees waivers was \$43,745. The total tuition revenue at GSU was \$7,566,400 (see Exhibit A).

Each year universities report the number and amount of waivers to the Illinois Board of Higher Education (IBHE). GSU's fiscal year 1996 data submitted to the Office of the Auditor General (OAG) contained discrepancies noted below:

- GSU over-reported the number of tuition waivers to IBHE (456 vs. 428) and under-reported their value: \$421,700 instead of \$448,741. University officials indicated that the difference in the number and amount of waivers is accounted for by two factors. First, in fiscal year 1997 a new computer system was implemented and information from prior years was not accessible, therefore, the information provided to the OAG was recreated from manually kept records. Second, the information provided to IBHE reflected some July-August 1995 waivers and the information reported to the OAG reflected fall 1995, winter 1996, and spring/summer 1996 trimesters.
- GSU's data submitted to the OAG for individual waiver programs did not always agree with their data submitted to the IBHE. An example is shown below:

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students *	1,264
Part-Time Students *	4,809
Graduate Students *	3,161
Undergraduate Students *	2,912
Graduate	
• Tuition Waivers	309
• Amount	\$336,776
Undergraduate	
• Tuition Waivers	119
• Amount	\$111,965
Tuition Revenue (Excluding Tuition Waivers)	\$7,566,400
Financial Aid (Including Tuition Waivers)	\$8,642,396
* Fall 1995 only SOURCE: OAG analysis of IBHE and university data.	

Graduate Waiver Program	Reported to OAG	Reported to IBHE	Difference
Graduate Assistantships	\$176,027	\$163,300	\$12,727

Exhibit B on the next page shows the waivers for fiscal years 1994 through 1996.

**Exhibit B
WAIVERS BY PROGRAM**

UNDERGRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	19	\$22,342	\$2,405	21	\$29,164	\$2,470	12	\$17,162	\$1,235
Collegial	63	58,735	0	55	64,053	0	44	42,532	3,380
Children of Employees	12	3,205	0	7	4,054	0	1	164	65
Cooperating Teachers	0	0	0	0	0	0	1	311	65
Faculty/Administrators	2	662	130	1	238	65	2	1,786	260
General Assembly	10	12,848	1,235	4	4,906	520	2	1,636	130
Graduate Assistantships	0	0	0	0	0	0	3	1,498	195
Interinstitutional	17	19,552	1,690	21	11,412	2,015	25	19,634	3,120
Minority	0	0	0	0	0	0	11	15,114	1,170
Miscellaneous	3	1,429	195	0	0	0	0	0	0
Senior Citizens	3	2,082	325	0	0	0	1	393	65
Support Staff (Civil Service)	25	11,227	2,990	24	14,551	2,730	13	5,567	975
Teacher Education	3	1,498	260	5	3,170	455	4	6,169	455
Undergraduate Sub-Total	157	\$133,580	\$9,230	138	\$131,548	\$8,255	119	\$111,965	\$11,115

GRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	1	\$ 556	\$ 65	5	\$ 7,599	\$ 585	0	0	0
Collegial	33	23,434	0	44	48,040	0	33	\$28,830	\$2,730
Cooperating Teachers	59	12,635	3,900	75	14,780	5,525	67	22,867	5,070
Faculty/Administrators	32	10,937	2,860	37	16,782	3,705	36	27,209	4,355
General Assembly	13	7,839	910	4	3,924	390	3	3,973	325
Graduate Assistantships	96	131,710	10,920	98	135,875	10,205	87	176,027	10,855
Interinstitutional	31	7,866	3,445	24	11,385	2,275	17	14,646	1,885
Minority	25	18,358	0	21	17,702	0	30	36,330	2,990
Miscellaneous	1	556	65	3	1,086	260	0	0	0
Senior Citizens	1	231	65	0	0	0	0	0	0
Support Staff (Civil Service)	27	13,384	2,990	31	15,922	3,705	30	19,493	3,380
Teacher Education	10	8,778	1,170	7	9,073	1,040	6	7,402	1,040
Graduate Sub-Total	329	\$236,284	\$26,390	349	\$282,168	\$27,690	309	\$336,777	\$32,630
TOTAL	486	\$369,864	\$35,620	487	\$413,716	\$35,945	428	\$448,741	\$43,745

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

SOURCE: University data provided to IBHE (fiscal years 1994 and 1995) and Office of the Auditor General (fiscal year 1996).

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decisions processes, internal evaluations, and reporting systems. The audit examined GSU's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems. GSU had some written tuition waiver policies but university-wide policies generally did not address the following:

- Process for determining the total waivers to be awarded by the university.
- Process for allocating waivers to units within the university.
- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting on waivers.
- System for monitoring waiver programs.
- Cut-off date for accepting waivers.
- 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.

Internal audits or other reviews of tuition waivers were not performed during fiscal years 1994-96.

AWARD PROCESS

GSU indicated that the institutional waivers allocated to the collegial units vary little from year to year. The number of graduate tuition waivers which are not attached to graduate assistantships are evenly distributed among the colleges. Graduate assistantships may vary depending on college fluctuations in enrollments, special needs during the academic year, and funding.

Each department/college had its own application procedure, criteria, and award process. Records on waivers were kept at the following locations:

- Financial Aid Office and colleges retained application forms, selection requirements, and decision memoranda.
- Financial Aid Office and Business Operations Office kept information on award decisions.
- Business Operations Office processed statutory waivers and shared information with the Financial Aid Office.

University officials said only Cooperating Teachers were awarded waivers in lieu of compensation and the policy authorized waivers for up to three credit hours.

DATA ENTRY CONTROLS

Governors State did not have written procedures regarding the entry of tuition waivers in the computer system. One person entered the waiver data and it was not reviewed by a supervisor. Officials said GSU is in the process of changing its computer system to improve controls.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled 93 tuition waivers at GSU from fiscal year 1996 to review the university's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of documents missing is calculated based on applicable documents (applicable documents are discussed in the section "Waivers Sampled" of Chapter 4).

Statutory Waivers

- All statutory waivers had the required documentation.

Institutional Waivers

- 8 of 64 waivers (13%) did not have written application forms or application letters.
- 7 of 78 waivers (9%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- 1 of 79 waivers (1%) did not contain documentation of the decision to award the waiver.

GSU did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed GSU's compliance with these laws, primarily for individuals in our sample. All tuition waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted in this section, as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

☆ **CHILDREN OF EMPLOYEES.** One individual in our random sample at GSU received this waiver in fiscal year 1996. For this individual, GSU complied with the statutory requirements tested.

⌚ **RESERVE OFFICER’S TRAINING CORPS.** GSU did not have a ROTC program in fiscal year 1996.

⌚ **SENIOR CITIZENS.** One recipient in our random sample at GSU received this waiver in fiscal year 1996. For this individual, GSU complied with the statutory requirements.

⌚ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** GSU did not award Sports Equity waivers in fiscal year 1996.

⌚ **TALENT WAIVERS.** IBHE reported that the university did not exceed the three percent limit on undergraduate waivers for fiscal year 1996. For details about these waivers, see the section below titled “Institutional Waivers.”

⌚ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** Eight recipients in our random sample at GSU received this waiver in fiscal year 1996 which indicated the following:

- GSU had the required certificate from the Illinois Student Assistance Commission showing these tuition waivers were authorized.
- All eight recipients had cumulative GPA’s above 3.75 and half of those had cumulative GPA’s of 4.00.

⌚ **GENERAL ASSEMBLY.** Four recipients in our random sample at GSU received this waiver in fiscal year 1996 which indicated the following:

- All recipients met the requirement of living within the granting legislator’s district.
- Two recipients had a cumulative GPA above 3.75.

⌚ **WARDS OF DCFS.** No recipients in our random sample at GSU received this waiver in fiscal year 1996.

INSTITUTIONAL WAIVERS

During fieldwork, we tested 79 institutional waivers at GSU to determine if they had applications, eligibility and selection criteria, decision documents, and contracts when applicable. The results of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may have been different). The “Observations” column includes grade point averages if they were 3.75 and above or 2.00 or below; graduate students whose GPA were below 3.00 are also reported.

<i>Exhibit C</i>				
INSTITUTIONAL WAIVER PROGRAMS				
ACADEMIC				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Community College Waiver			<ul style="list-style-type: none"> • Cumulative GPA of 3.5 on 4.0 scale. • US citizen and Illinois resident. • Recommendation by Community College official. • Plan to attend GSU and take 12 hours or more in the fall trimester immediately following designation. • Must be interviewed by Financial Aid Director. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
10-047	\$1,970.00	Yes	<ul style="list-style-type: none"> • No documented interview with Financial Aid Director 	University stated that the Financial Aid Director during the audit period is no longer at GSU. Cumulative GPA 4.00
10-048	\$2,293.00	Yes	<ul style="list-style-type: none"> • No documented interview with Financial Aid Director 	University stated that the Financial Aid Director during the audit period is no longer at GSU. Cumulative GPA 3.91
COOPERATING TEACHERS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Cooperating Teachers			<ul style="list-style-type: none"> • Granted for supervising student teacher. • Used within one year. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
12-034	\$354.50	No		Cumulative GPA 3.75
12-035	\$389.50	Yes		
12-036	\$354.50	Yes		Cumulative GPA 4.00
12-037	\$709.00	Yes		
12-038	\$451.00	Yes		Cumulative GPA 4.00
12-039	\$354.50	Yes		Cumulative GPA 4.00
12-040	\$376.00	Yes		Student took only one course pass/fail.
12-041	\$181.50	Yes		
12-042	\$1,048.50	Yes		Cumulative GPA 4.00
12-043	\$389.50	Yes		Cumulative GPA 4.00
12-044	\$759.00	Yes		Cumulative GPA 4.00
12-045	\$759.00	Yes		Cumulative GPA 3.90
12-046	\$354.50	Yes		Cumulative GPA 4.00
FACULTY/ADMINISTRATORS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Faculty/Administrators			<ul style="list-style-type: none"> • Full-time employees may enroll for 2 courses or 6 credit hours, whichever is greater, in one academic term. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
14-018	\$646.50	Yes		
14-019	\$397.00	Yes		Individual received F in only course taken during audit period. Cumulative GPA 0.0, below 3.0 for a graduate student as required.
14-020	\$399.50	Yes		Cumulative GPA 3.94
14-021	\$720.00	Yes		Cumulative GPA 4.00

14-022	\$659.00	Yes		Cumulative GPA 4.00
14-023	\$1,318.00	Yes		Cumulative GPA 3.83
14-024	\$354.50	Yes		Cumulative GPA 4.00
14-025	\$2,033.50	Yes		Cumulative GPA 4.00
GRADUATE ASSISTANTS				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Graduate Assistantships				<ul style="list-style-type: none"> • Undergraduate degree. • Unconditional admittance and enrollment. • Enrolled for proper number of hours. • Good academic standing.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
16-001	\$6,099.00	Yes		Cumulative GPA 4.00
16-002	\$649.00	Yes	• No application	Officials stated that the application was not available. Cumulative GPA 3.80
16-003	\$2,206.50	Yes		
16-004	\$2,336.00	Yes		Cumulative GPA 3.82. Student enrolled for more hours than contract maximum.
16-005	\$2,153.50	Yes		Cumulative GPA 3.88
16-006	\$3,244.50	Yes	• No application	Officials stated that the application was discarded.
16-007	\$664.00	Yes	• No application	Officials stated that the application was discarded.
16-008	\$1,471.00	Yes		Cumulative GPA 4.00
16-009	\$1,238.00	Yes		Cumulative GPA 3.88
16-010	\$2,479.50	Yes		Contract for fall 1995 not signed by Director of Budget. Cumulative GPA 4.00
16-011	\$709.00	Yes		Cumulative GPA 3.84
16-012	\$3,968.00	Yes		Student enrolled for more hours than contract maximum.
16-013	\$649.00	Yes		
16-014	\$2,293.00	Yes		Cumulative GPA 3.97
16-015	\$2,413.50	Yes		Individual enrolled for 15 credit hours while contract specifies maximum of 12 credit hours.
16-016	\$2,120.00	Yes		Cumulative GPA 3.88
16-017	\$908.50	Yes		
OTHER				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
German Waiver GSU Graduate Waiver GSU Minority Waiver GSU Undergraduate Waiver Interinstitutional Latino Achievement Scholarship				<ul style="list-style-type: none"> • Varied by type of talent.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
18-049	\$363.50	Yes		Employee of University of Illinois at Chicago received an Interinstitutional waiver. Student took 1 course and had 2.00 cumulative GPA.
18-050	\$1,168.00	Yes		GSU Minority Waiver student.
18-051	\$1,049.00	Yes		GSU Undergraduate Waiver student with a 3.83 cumulative GPA.
18-052	\$2,206.00	Yes	• No application fall1995	Officials stated that the application could not be located for this GSU Graduate Waiver. Cumulative GPA 3.88
18-053	\$393.00	Yes	• No application	Enrolled for 4 credit hours but criteria indicates a minimum of 6 credit hours are required. GSU indicated Dean of Student Affairs has authority to waive criteria. University

				included an application for a graduate waiver although student received a GSU Undergraduate Waiver. Student had a 3.78 cumulative GPA.
18-054	\$1,204.00	Yes		Employee of University of Illinois at Chicago received an Interinstitutional waiver.
18-055	\$667.00	Yes		Employee of University of Illinois at Chicago received Interinstitutional waiver. Student with a 4.00 cumulative GPA.
18-056	\$2,206.00	Yes	<ul style="list-style-type: none"> No application fall 1995 No letter of recommendation from at least one faculty/staff at GSU or the last school attended for fall 1995 	GSU Graduate Waiver student with a 3.77 cumulative GPA. GSU indicated letter of recommendation and the application could not be located.
18-057	\$1,860.00	Yes	<ul style="list-style-type: none"> No letter of recommendation from at least one faculty/staff at GSU or the last school attended 	Officials stated that letter of recommendation could not be located for this GSU Minority Waiver student. Student withdrew from the only class registered for during the audit period.
18-058	\$1,606.00	Yes		Latino Achievement Scholarship student withdrew from 1 course during waiver period.
18-059	\$803.00	Yes	<ul style="list-style-type: none"> No statement of educational purpose 	Officials stated that no statement of educational purpose could be located. GSU Undergraduate Waiver student withdrew from 2 courses and received no credit for 1 more course during waiver period.
18-060	\$326.00	Yes		Employee of University of Illinois at Chicago received an Interinstitutional waiver. Student received an F in the only course in audit period.
18-061	\$1,427.50	Yes	<ul style="list-style-type: none"> No application fall 1995 No decision document fall 1995 	Officials stated that the application could not be located for this GSU Graduate Waiver.
18-062	\$1,049.00	Yes	See Observation	GSU Undergraduate Waiver student withdrew from 3 courses during fall 1995 and 3 courses Winter 1996. No waiver criteria provided. A memo included stated that the Dean has discretion over the criteria.
18-063	\$364.50	Yes	<ul style="list-style-type: none"> No application 	Student withdrew from 1 course each in fall 1995 and Winter 1996 and received no credit for a course in Winter 1996. Student had a 3.77 cumulative GPA. Officials stated that exchange coordinator selected the waiver recipient.
18-064	\$584.00	Yes		GSU Graduate Waiver.
18-065	\$998.00	Yes		Employee of University of Illinois at Chicago received an Interinstitutional waiver. Courses on application for fall 1995 do not match courses on transcript. GSU indicated that students may add/drop several times as long as they stay within the maximum credit limit hours.
18-066	\$843.50	Yes		GSU Minority Waiver student with a 3.79 cumulative GPA.
18-067	\$584.00	Yes		GSU Graduate Waiver student with a 4.00 cumulative GPA.
18-068	\$652.00	Yes		Employee of University of Illinois at Chicago received an Interinstitutional waiver. Courses on application were taken prior semester according to transcript.
18-069	\$967.00	Yes		GSU Undergraduate Waiver.
18-070	\$584.00	Yes		GSU Minority Waiver student with a 4.00 cumulative GPA.
18-071	\$1,049.00	Yes		Latino Achievement Scholarship student received 4 F's in fall 1995 and 1 D in spring 1996.
18-072	\$557.00	Yes		GSU Undergraduate Waiver.
18-073	\$779.00	Yes		Employee of University of Illinois at Chicago received an Interinstitutional waiver. Cumulative GPA 3.83

18-074	\$584.00	Yes		GSU Graduate Waiver student with a 3.88 cumulative GPA.
18-075	\$803.00	Yes		GSU Undergraduate Waiver student withdrew from 1 course in fall 1995.
18-076	\$622.50	Yes		Employee received an Interinstitutional waiver but application does not specify employing university.
18-077	\$557.00	Yes		GSU Undergraduate Waiver.
18-078	\$584.00	Yes		GSU Undergraduate Waiver.
18-079	\$843.50	Yes		Latino Achievement Scholarship.
SUPPORT STAFF (CIVIL SERVICE)				
University Waiver Program				Eligibility and Selection Criteria
Support Staff				<ul style="list-style-type: none"> • Civil Service employee of the university. • Full-time employee can receive a waiver for 6 credit hours per academic term or 18 credit hours annually; ¾ time employees can receive a waiver for 4 credit hours per academic term or 12 credit hours annually; ½ time employees can receive a waiver for 3 credit hours per academic term or 9 credit hours annually.
OAG #	Total Waiver	IL Res	Missing Records	Observations
22-026	\$561.00	Yes		Cumulative GPA 3.82
22-027	\$1,992.00	Yes		Student withdrew from 1 course each of 2 trimesters and received an F in one course for another trimester. Graduate Cumulative GPA 2.67.
22-028	\$899.00	Yes		Cumulative GPA 3.78
22-029	\$1,145.00	Yes		
22-030	\$339.50	Yes		Cumulative GPA 3.75
22-031	\$161.50	Yes		Cumulative GPA 3.84
22-032	\$988.00	Yes		Student withdrew from 1 course for 2 consecutive trimesters.
22-033	\$354.50	Yes		Cumulative GPA 3.93

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/ grants, loans, and employment. GSU reported in the IBHE *Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	2,348	\$6,297,150
• State programs (e.g., Monetary Award Program, National Guard Grants)	785	\$1,194,238
• Institutional programs (e.g., Tuition Waivers)	601	\$ 908,129
• Other sources of funds (e.g., Scholarships, Grants, and Fellowships)	<u>241</u>	<u>\$ 242,879</u>
TOTAL	3,975	\$8,642,396

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities so we could send them a survey questionnaire about tuition waivers. GSU responded that it is “not part of a university peer group for the purposes of academic comparison.”

F. UNIVERSITY’S COMMENTS ON IMPACT OF WAIVERS

We invited GSU to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. GSU commented as follows:

“Governors State University’s mission is to make affordable and accessible education available to its culturally and economically diverse life-long learners. We see one of our central goals is to make quality higher education accessible to groups historically underserved.

The student population at Governors State is atypical. The average age of our student body is 35, with undergraduates averaging 32 years of age and graduates averaging 37 years of age. Approximately 70% of our students are female, and nearly all of our students are balancing work and family responsibilities with their academic work. As a result, many of our programs are part-time, classes are offered in the evening to be compatible with full-time employment, and coursework is offered at approximately 30 sites in the Chicagoland region and via technology.

Our approach to tuition and fees is consistent with GSU’s mission. We strive to keep our tuition and fees low, among the lowest in the state for public universities, to make our programs as affordable as possible. GSU’s Board of Trustees has established a four-year tuition plan (through FY 2000) that limits tuition increases to no more than 2 percentage points above the Consumer Price Index. For the past 3 years, the tuition increase has been 3%.

However, even given our relatively low tuition and fees, many GSU students are unable to afford to attend on a continuous basis. GSU sees tuition waivers a central way to enable qualified students to access higher education. Graduate Assistantships and other merit-based waivers enable us to attract and retain students at GSU, and in many cases provide students with valuable learning opportunities outside of the classroom. All tuition waivers help students afford higher education.

Yet, 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%.

Other sources of financial assistance for the typical GSU student are limited. The typical part-time GSU student is ineligible for financial assistance through the Illinois Scholarship Assistance Commission. We have a grant from the Illinois Board of Higher Education, under the HECA program to offer scholarships in a pilot program for students who are enrolled in less than six credit hours of coursework.

We believe that tuition waivers, and the various tuition waiver programs available, provide an important mechanism for fulfilling GSU's mission of serving life-long learners."

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main audit report:

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.
2. Each State university should maintain complete selection records on individuals selected to receive a tuition waiver.
3. 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.
4. 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.

H. UNIVERSITY'S RESPONSE TO THE AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from GSU is reproduced on the following pages.



'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

SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
ILLINOIS STATE UNIVERSITY

This Supplement to the Management Audit of Tuition and Fee Waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and other related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

Illinois State University (ISU) reported having 19,756 full-time and part-time students in fall 1995. ISU awarded 4,046 tuition waivers to 3,855 students. Of these, 1,410 waivers were for undergraduates and 2,636 were for graduate students. The value of tuition waivers was \$5,225,718 and fees waivers was \$132,142. The total tuition revenue (excluding tuition waivers) at ISU was \$39,632,100 (see Exhibit A).

Each year universities report the number and amount of waivers to the Illinois Board of Higher Education (IBHE). ISU's fiscal year 1996 data submitted to the Office of the Auditor General (OAG) contained discrepancies that are noted below:

- ISU reported 3,852 waivers worth \$5,230,800 to the IBHE and nearly the same to the OAG: 3,855 waivers worth \$5,225,718. ISU stated that the small difference was probably due to a double counting error (i.e., a waiver recipient with more than one kind of waiver in the audit period was counted once in each waiver program). ISU provided data to us which had 191 other waiver recipients who were counted twice but they were identified and eliminated.

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students*	16,076
Part-Time Students*	3,680
Graduate Students*	3,091
Undergraduate Students*	16,665
Graduate	
• Tuition Waivers	2,636
• Amount	\$2,686,647
Undergraduate	
• Tuition Waivers	1,410
• Amount	\$2,539,071
Tuition Revenue (excluding tuition waivers)	\$39,632,100
Financial Aid (including tuition waivers)	\$78,684,619
* Fall 1995 only. Numbers may not add due to rounding. SOURCE: OAG analysis of IBHE and university data.	

Exhibit B on the next page shows the waivers for fiscal years 1994 through 1996.

**Exhibit B
WAIVERS BY PROGRAM**

UNDERGRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	249	\$ 341,000	0	265	\$ 359,300	0	186	\$ 240,509	0
Athletic	222	472,300	0	213	479,000	0	210	504,437	0
Children of Employees	150	130,400	0	140	134,800	0	119	114,719	0
Cooperating Teacher	0	0	0	0	0	0	11	3,976	0
Dependents of Staff	109	88,900	1,600	57	60,500	2,700	67	82,662	\$3,786
Faculty/Administrators	7	3,600	1,100	8	3,800	1,600	6	2,875	939
Foreign Students	21	96,600	0	24	97,400	0	21	87,525	0
General Assembly	206	438,400	0	177	407,100	0	188	429,519	16,324
Graduate Assistantships	0	0	0	0	0	0	1	1,076	0
Miscellaneous	16	6,000	0	0	0	0	4	1,511	0
Other	15	69,700	8,200	15	71,000	7,700	0	0	0
Other -Talent	108	205,800	0	117	196,200	0	129	233,814	0
ROTC	59	105,200	0	47	110,500	0	55	106,055	4,748
Senior Citizens	12	5,300	0	7	3,900	0	6	3,767	0
Special Education	254	613,400	0	246	620,700	0	234	621,958	23,074
Support Staff (Civil Service)	147	84,000	28,800	157	93,100	33,100	163	100,241	34,934
Wards of DCFS	2	1,100	300	8	1,600	600	10	4,428	1,725
Undergraduate Sub-Total	1,577	\$2,661,700	\$40,000	1,481	\$2,638,900	\$45,700	1,410	\$2,539,072	\$85,530

GRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	521	\$297,100	0	965	\$ 549,300	0	863	\$543,822	0
Athletic	13	16,400	0	13	16,200	0	11	19,212	0
Cooperating Teachers	337	129,000	0	416	181,700	0	436	198,363	0
Dependents of Staff	0	0	0	0	0	0	1	2,691	\$ 881
Faculty/Administrators	171	78,600	\$24,900	172	89,500	\$28,900	199	91,785	28,175
Foreign Students	31	86,500	0	28	89,500	0	20	79,453	0
General Assembly	4	3,600	0	5	5,200	0	5	7,304	414
Graduate Assistantships	929	1,517,200	0	935	1,575,700	0	889	1,559,095	0
Miscellaneous	483	194,200	14,600	227	83,700	10,400	67	74,155	0
Other	0	0	0	0	0	0	7	2,842	470
Other-Talent	1	200	0	4	18,400	0	3	13,877	0
ROTC	1	1,800	0	1	1,400	0	0	0	0
Senior Citizens	13	5,000	0	8	3,600	0	9	4,059	0
Special Education	19	31,700	0	32	43,000	0	26	42,043	1,625
Support Staff (Civil Service)	107	48,900	14,300	101	51,300	15,800	100	47,946	15,048
Graduate Sub-Total	2,630	\$2,410,200	\$53,800	2,907	\$2,708,500	\$55,100	2,636	\$2,686,647	\$46,613
TOTAL	4,207	\$5,071,900	\$93,800	4,388	\$5,347,400	\$100,800	4,046	\$5,225,718	\$132,142

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

SOURCE: University data provided to IBHE (fiscal years 1994 and 1995) and Office of the Auditor General (fiscal year 1996).

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decisions processes, internal evaluations, and reporting systems. The audit examined ISU's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems. ISU had some written tuition waiver policies but university-wide policies generally did not address the following:

- Process for determining the total waivers to be awarded by the university.
- Process for allocating waivers to units within the university.
- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting on waivers.
- System for monitoring waiver programs.
- Cut-off date for accepting waivers.
- 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.

Internal audits or other reviews of tuition waivers were not performed during fiscal years 1994-96.

AWARD PROCESS

ISU indicated that tuition waivers are calculated by the Budget Office at three percent of the annual tuition revenue. Of that amount, traditionally 40 percent has been allocated to intercollegiate athletics and 60 percent to academic affairs. The Director of Athletics and the Provost's Office have developed policies and procedures for allocating waiver amounts for programs for which they are responsible. Graduate assistantships are determined by the Graduate School.

The Provost's Office estimates the number of available tuition waivers based on the budget, and allocates them to colleges who negotiate waiver distribution to the departments. Students apply directly to the programs for both statutory and institutional waivers.

Records are maintained by the waiver programs. The waiver programs include: Graduate Assistantships, Faculty/Administrators, Support Staff, Dependents of Staff, Cooperating Teachers, Athletic, Academic, Foreign Students, National Student Exchange, and Miscellaneous. Some documentation of awards is also on the Student Information System and the following units:

- Financial Aid Office keeps records of waivers awarded by the following programs: Special Education, General Assembly, DCFS, and Children of Employees programs.
- Benefits Office keeps relevant records for the Children of Employees program.
- Local ROTC unit keeps the records for the ROTC program.
- Academic Advisement Office keeps some information for Senior Citizens.

University officials said in some cases, Cooperating Teachers are provided tuition waivers in lieu of compensation.

DATA ENTRY CONTROLS

ISU officials stated that they did not have current procedures regarding the entry of tuition waivers in the computer system. Supervisory review was not regular or documented. Periodic reports on undergraduate waiver recipients were sent to the authorizing departments and it was not known if they verified the recipients.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled 156 tuition waivers at ISU from fiscal year 1996 to review the university's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of missing documents is calculated based on applicable documents (applicable documents are discussed in the section "Waivers Sampled" of Chapter 4).

Statutory

- 8 of 18 waivers (44%) did not have written application forms or application letters.
- 8 of 62 waivers (13%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- 4 of 62 waivers (6%) did not have documentation of the decision to award the waiver.
- 5 of 5 waivers (100%) did not have a written contract for ROTC.

Institutional

- 11 of 60 waivers (18%) did not have written application forms or application letters.
- 14 of 87 waivers (16%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- 17 of 79 waivers (22%) did not have documentation of the decision to award the waiver.
- 1 of 34 waivers (3%) did not have a written contract (for a graduate assistant).

ISU did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed ISU's compliance with these laws, primarily for individuals in our sample. All waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted in this section, as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

☆ **CHILDREN OF EMPLOYEES.** Eleven individuals in our random sample at ISU received this waiver in fiscal year 1996. The random sample of waivers at ISU indicated the following:

- ISU stated that the application forms were lost for three individuals sampled. Therefore, we were unable to determine the parent-child relationship, or the parent's length of employment, and there was no decision application/document.
- Two individuals had a cumulative GPA below 2.0 while one individual had a cumulative GPA above 3.75.

⌚ **RESERVE OFFICER'S TRAINING CORPS.** ISU exceeded the limit of ten ROTC recipients during fiscal year 1996 because it had 12 recipients. Five individuals in our random sample at ISU received this waiver which indicated the following:

- ISU did not maintain the application forms of individuals who applied for this waiver and did not have their contracts. ISU stated that they now will maintain both applications and contracts for 10 semesters.
- One individual had a cumulative GPA above 3.75.

⌚ **SENIOR CITIZENS.** Two recipients in our random sample at ISU received this waiver in fiscal year 1996 which showed ISU did not determine that the annual household income for both the recipients was under \$14,000. ISU officials said they did not know about the income ceiling and have since changed their application form to check this.

⌚ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** The university did not award any Sports Equity waivers in fiscal year 1996.

⌚ **TALENT WAIVERS.** IBHE reported that the university did not exceed the three percent limit on undergraduate waivers for fiscal year 1996. For details about these waivers, see the section below titled "Institutional Waivers."

⌚ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** Twenty-four individuals in our random sample at ISU received this waiver in fiscal year 1996 which indicated the following:

- One recipient was miscoded as receiving a Special Education waiver because they actually received a General Assembly waiver. The waiver was tested for the criteria to receive a General Assembly waiver and met the criteria.

- Two individuals had a cumulative GPA above 3.75.

① **GENERAL ASSEMBLY.** Nineteen individuals in our random sample received this waiver in fiscal year 1996 which indicated the following:

- Two waiver recipients sampled had an address outside the awarding legislator’s district.
- One waiver recipient did not have a valid certificate for the semester the waiver was used.
- Five individuals had a cumulative GPA below 2.0 and three individuals had a cumulative GPA above 3.75.

② **WARDS OF DCFS.** One individual in our random sample at ISU received this waiver. ISU had the required certificate from the Department of Children and Family Services that indicated a tuition waiver was authorized.

INSTITUTIONAL WAIVERS

During fieldwork, we tested 94 institutional waivers at ISU to determine if they had applications, eligibility and selection criteria, decision documents, and contracts when applicable. The results of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may have been different). The “Observations” column includes grade point averages if they were 3.75 and above or 2.00 and below; graduate students whose GPA were below 3.00 are also reported.

<i>Exhibit C</i>	
INSTITUTIONAL WAIVER PROGRAMS	
ACADEMIC	
<i>University Waiver Program</i>	<i>Eligibility and Selection Criteria</i>
Art Arts & Science Communications Arts & Science English Arts & Science History Arts & Science Mathematics Arts & Science Political Science Arts & Science Psychology Arts & Science Sociology, Anthropology, SW Business - Graduate Student Cast-Agriculture Graduate Part-Time Cast-Health, PE Graduate Part-Time Early Childhood Education Education-Graduate Student Education Administration Education Curriculum & Instruction	<ul style="list-style-type: none"> • Various criteria for each waiver.

Education Special Education Fine Arts Theatre Graduate School/Research Honors Music Presidential Scholars Theatre				
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
10-058	\$2,421.90	Yes	<ul style="list-style-type: none"> No application Did not have essay stating interest in program Did not have 2 letters of recommendation 	This student received 2 D's and 7 F's during audit period, and had a 0.22 cumulative GPA.
10-059	\$4,081.50	No		This student had a 4.0 cumulative GPA.
10-060	\$3,265.20	No	<ul style="list-style-type: none"> No application 	The awarding department did not have a written application for this student because university officials said it performed this process verbally.
10-061	\$ 350.60	Yes	<ul style="list-style-type: none"> No application No decision document 	The awarding department did not have a written application for this student because university officials said it performed this process verbally.
10-062	\$ 90.70	Yes	<ul style="list-style-type: none"> No decision document 	This student was a Student-at-Large (non-degree seeking and not officially admitted into Graduate program). University officials said the process of notification was verbal rather than written.
10-063	\$ 997.70	Yes		This student had a 3.8 cumulative GPA.
10-064	\$1,088.40	Yes		This student withdrew from all courses for second semester during audit period and was then taken out of program. Individual had a 2.06 cumulative GPA.
10-065	\$ 130.00	Yes	<ul style="list-style-type: none"> No application 	This student had a 3.9 cumulative GPA. University officials stated tuition waivers are allocated by the Graduate Coordinator to those students who are not receiving financial support for their education.
10-066	\$ 272.10	Yes		
10-067	\$1,051.80	Yes	<ul style="list-style-type: none"> No application 	University officials stated tuition waivers are allocated by the Graduate Coordinator.
10-068	\$1,632.60	Yes		This Cast - Health, Physical Education Graduate Part-Time student had a 3.86 cumulative GPA.
10-069	\$ 200.00	Yes		This waiver was awarded to a Cast - Health, Physical Education, Graduate Part-Time, Student-at-Large (non-degree seeking and not officially admitted into Graduate program).
10-070	\$ 807.00	Yes	<ul style="list-style-type: none"> No decision document 	Individual did not declare a major as required. University officials said the process for notification was oral, rather than written.
10-071	\$ 181.40	Yes		This graduate student received an "incomplete" for the only class taken during audit period. Individual was a Student-at-Large (non-degree seeking and not officially admitted into Graduate program) with a 0.0 cumulative GPA.
10-072	\$ 816.24	Yes	<ul style="list-style-type: none"> No written application No decision document 	Individual received an Education Administration waiver. There was no decision documentation. Officials stated that graduate students in the College of Education selected for this off campus group automatically receive a tuition waiver.

10-073	\$1,360.44	Yes	<ul style="list-style-type: none"> No written application No decision document 	This Education Administration student had a 4.0 cumulative GPA. There was no decision documentation. Officials stated that graduate students in the College of Education selected for inclusion in this off campus group automatically receive a tuition waiver.
10-074	\$1,292.48	Yes		This Education student withdrew from 1 course during audit period.
10-075	\$2,630.24	Yes		Individual was a Special Education student.
10-076	\$ 272.10	Yes		Recipient was a Special Education student who had a 3.86 cumulative GPA.
10-077	\$1,623.60	Yes	<ul style="list-style-type: none"> No application No decision document Did not document participation each semester in a Theatre production 	Recipient was a Theatre student with a 4.0 cumulative GPA. University officials stated that the student's file was misplaced.
10-078	\$ 816.30	No		This Graduate School/Research student had a 4.0 cumulative GPA. Individual was a Student-at-Large (non-degree seeking and not officially admitted into Graduate program).
10-079	\$ 272.10	Yes		This Graduate School/Research student had a 4.0 cumulative GPA. Individual was a Student-at-Large (non-degree seeking and not officially admitted into Graduate program).
10-080	\$ 181.40	Yes	<ul style="list-style-type: none"> No decision document 	This Graduate School/Research student had a 4.0 cumulative GPA. Individual was a Student-at-Large (non-degree seeking and not officially admitted into Graduate program).
10-081	\$ 181.40	Yes	<ul style="list-style-type: none"> No decision document 	This Graduate School/Research student was a Student-at-Large (non-degree seeking and not officially admitted into Graduate program).
10-082	\$ 272.10	Yes		This Graduate School/Research student was a Student-at-Large (non-degree seeking and not officially admitted into Graduate program).
10-083	\$1,344.74	Yes		This student had a 3.86 cumulative GPA.
10-084	\$2,690.70	Yes		
10-085	\$2,511.60	Yes		
10-086	\$ 538.02	Yes	<ul style="list-style-type: none"> No application No decision document No document on participation each semester in a Theatre production 	This individual was a Theatre waiver recipient. University said application for, and notification of, tuition waiver was verbal. Decision documentation and documentation of participation was not available. Student received 1 D and 1 F during audit period.

ATHLETIC

<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Athletics				<ul style="list-style-type: none"> N/A (athletes selected by coaches).
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
11-052	\$1,255.80	Yes		Individual received 3 D's and withdrew from 2 classes during audit period.
11-053	\$2,691.00	Yes		Individual received 1 D during audit period.
11-054	\$7,265.70	No		Individual received 1 D and 3 F's during audit period and had a 1.82 cumulative GPA.
11-055	\$8,073.00	No		
11-056	\$1,165.00	Yes		Individual received 1 D during audit period.
11-057	\$2,511.60	No		Individual received 3 D's and 3 F's during audit period.

COOPERATING TEACHERS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Clinical Experience			<ul style="list-style-type: none"> Used within 1 year. Meet university requirements. Graduate credit only. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
12-040	\$ 272.10	Yes		Individual had a 4.0 cumulative GPA.
12-041	\$ 544.20	Yes		Individual had a 3.89 cumulative GPA.
12-042	\$ 272.10	Yes		Individual had a 3.91 cumulative GPA.
12-043	\$ 362.80	Yes		Individual had a 3.93 cumulative GPA.
12-044	\$ 272.10	Yes		Individual had a 4.0 cumulative GPA.
12-045	\$ 816.30	Yes		Individual had a 3.75 cumulative GPA.
12-046	\$ 544.20	Yes	<ul style="list-style-type: none"> No decision document No certificate which was a university requirement. 	University was unable to locate the document which entitled the individual to a waiver. Individual had a 4.0 cumulative GPA.
12-047	\$ 272.10	Yes		
12-048	\$ 272.10	Yes		Individual had a 4.0 cumulative GPA.
12-049	\$ 272.10	Yes		Individual had a 3.79 cumulative GPA.
12-050	\$ 362.80	Yes		Individual had a 4.0 cumulative GPA.
12-051	\$ 272.10	Yes		Individual had a 4.0 cumulative GPA.
DEPENDENTS OF STAFF				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
ISU Regents Tuition Waiver NIU Regents Tuition Waiver			<ul style="list-style-type: none"> Full-time/payroll status employment. Child is under age 25 at the beginning of fall semester of the academic year. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
13-038	\$1,697.85	Yes		
13-039	\$ 941.85	Yes		This individual received a Regents' Tuition Waiver which is based on a reciprocal agreement with other Board of Regents that allows employees' children to attend a university other than the one that employed the parent. Student received 1 D and withdrew from 5 courses during audit period.
FACULTY/ADMINISTRATORS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Faculty Waiver			<ul style="list-style-type: none"> Full-time employee is eligible for 8 credit hours of tuition waiver. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
14-025	\$ 90.70	Yes		Individual audited only one class during audit period.
14-026	\$1,029.70	Yes		Individual had a 3.86 cumulative GPA.
14-027	\$1,032.40	Yes		Individual withdrew from 1 class during audit period.
14-028	\$ 90.70	Yes		Individual audited the only class taken during audit period.
14-029	\$ 90.70	No		Individual audited the only class taken during audit period and had a 3.91 cumulative GPA.
14-030	\$ 848.30	Yes		Individual had a 3.86 cumulative GPA.
FOREIGN STUDENTS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Foreign - Graduate Student Part-Time			<ul style="list-style-type: none"> Must be in good standing (3.0 GPA). 	

				<ul style="list-style-type: none"> Participate in International House cultural programs. Demonstrate financial need. Complete specific information on tuition waiver application. Recommendation from graduate advisor.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
15-091	\$2,448.90	No		Individual had a 4.0 cumulative GPA.
GRADUATE ASSISTANTS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Graduate Assistant			General Criteria (from contract)	
NOTE: Unlike most other universities, ISU usually provided program- specific criteria with available supporting documentation for this program.			<ul style="list-style-type: none"> Bachelor's Degree and admission to graduate program. Register for 9-12 hours of academic work for fall and spring and at least 1 hour during summer session. Maintain a GPA of 3.0 or above each term. Satisfactory progress towards a degree. 	
			Program-Specific Criteria	
			<ul style="list-style-type: none"> Varies from program to program. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
16-001	\$2,358.20	No	<ul style="list-style-type: none"> Missing a letter of recommendation and a cover letter. 	
16-002	\$1,723.30	No		Cumulative GPA of 3.83.
16-003	\$ 544.20	No		Cumulative GPA of 3.92.
16-004	\$1,451.20	No	<ul style="list-style-type: none"> No decision document 	University officials said individual was notified of waiver by phone.
16-005	\$1,632.60	Yes	<ul style="list-style-type: none"> No decision document 	Copies of notification memo were not retained in recipient's file.
16-006	\$1,904.70	Yes	<ul style="list-style-type: none"> No documentation of interview 	Interview records were not deemed necessary by program for making final decisions and were not maintained.
16-007	\$1,632.60	Yes	<ul style="list-style-type: none"> No separate application for program 	Cumulative GPA of 4.00.
16-008	\$ 544.20	Yes	<ul style="list-style-type: none"> No decision document 	Letter was not located. Cumulative GPA of 4.00.
16-009	\$ 544.20	Yes	<ul style="list-style-type: none"> Did not have a 3.0 GPA for last 60 hours of undergraduate work 	Individual took undergraduate courses, although received a graduate waiver. Did not maintain 3.0 cumulative GPA.
16-010	\$2,721.00	No		Cumulative GPA of 3.81.
16-011	\$2,358.20	Yes		Individual was originally awarded a talent waiver. The talent waiver was later automatically converted to a graduate assistantship and no formal notification was sent to the student. Cumulative GPA of 3.76.
16-012	\$1,723.30	Yes	<ul style="list-style-type: none"> No application 	Application was verbal according to university officials.
16-013	\$1,632.60	Yes	<ul style="list-style-type: none"> No documentation of interview 	Interview records were not deemed necessary by program for making final decisions and were not maintained.
16-014	\$ 544.20	No		
16-015	\$1,360.50	Yes	<ul style="list-style-type: none"> No decision document No contract 	Individual did not have a B.A. in Accounting as required. Cumulative GPA of 4.00.
16-016	\$ 907.00	Yes	<ul style="list-style-type: none"> No documentation of GRE score No statement of personal goals No decision document 	GRE score was waived by the Graduate School. Statement of personal goals and decision documents were not maintained. Cumulative GPA of 4.00.
16-017	\$2,176.80	Yes	<ul style="list-style-type: none"> No decision document 	University officials said award was made verbally and not in writing. Cumulative GPA of 4.0.

16-018	\$2,721.00	Yes	<ul style="list-style-type: none"> No decision document 	University officials said award was made orally and not in writing. Cumulative GPA of 3.90.
16-019	\$1,632.60	No	<ul style="list-style-type: none"> No letters of recommendation 	Individual received 1 D during audit period. University did not maintain the letters of recommendation. Did not maintain a 3.0 cumulative GPA.
16-020	\$2,721.00	No		Cumulative GPA of 4.00.
16-021	\$1,723.30	Yes	<ul style="list-style-type: none"> Not documented that spoken English was proficient (required for foreign recipients who teach classes) 	University provided a memo to us stating that English was satisfactory so that most students and faculty had no trouble understanding.
16-022	\$2,448.90	No		
16-023	\$1,814.00	No		
16-024	\$ 589.78	No		Individual withdrew from all courses during the one semester in audit period and resigned the assistantship.

OTHER

University Waiver Program				Eligibility and Selection Criteria
Miscellaneous Part-Time Retired Faculty Staff Waiver				<ul style="list-style-type: none"> Criteria varies by program.
OAG #	Total Waiver	IL Res	Missing Records	Observations
18-092	\$ 272.10	Yes		
18-093	\$ 816.30	Yes		
18-094	\$ 272.10	Yes		This recipient had a 4.0 cumulative GPA.

OTHER TALENT

University Waiver Program				Eligibility and Selection Criteria
High Potential Student (HPS) In-State Foreign				<ul style="list-style-type: none"> Criteria varies by program.
OAG #	Total Waiver	IL Res	Missing Records	Observations
19-087	\$ 269.10	Yes		
19-088	\$2,514.92	Yes	<ul style="list-style-type: none"> Did not participate actively in the HPS or SSS Program Did not attend the HPS/SSS Annual fall orientation Did not enroll in the spring 1996 HPS Career Choice class 	This High Potential Student received 1 D during audit period. Individual's file contained a memo that stated the criteria listed were waived because the Career Choice class conflicted with individual's class schedule and it was decided to keep the class schedule intact.
19-089	\$ 538.20	Yes		This High Potential Student received 4 D's and withdrew from 1 class during audit period.
19-090	\$7,265.70	No		This recipient was misclassified as Other Talent; was actually a foreign exchange student. Individual received 1 D and 1 F during audit period.

SUPPORT STAFF (CIVIL SERVICE)

University Waiver Program				Eligibility and Selection Criteria
Staff Waiver				<ul style="list-style-type: none"> Full-time civil service employee is eligible for 8 credit hours of tuition waiver.
OAG #	Total Waiver	IL Res	Missing Records	Observations
22-031	\$1,428.60	Yes		Individual had a 4.0 cumulative GPA.
22-032	\$ 360.15	Yes		Individual received 1 F for the only course taken during audit period and had a cumulative GPA of 0.0.

22-033	\$ 362.80	Yes		
22-034	\$ 480.20	Yes		Individual had a 3.77 cumulative GPA.
22-035	\$ 387.15	Yes		
22-036	\$1,071.45	Yes		
22-037	\$1,800.75	Yes		Individual had a 4.00 cumulative GPA.

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/grants, loans, and employment. ISU reported in the *IBHE Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	20,299	\$46,591,816
• State programs (e.g., Monetary Award Program, National Guard Grants)	7,025	\$15,121,879
• Institutional programs (e.g., Tuition Waivers)	11,654	\$15,653,663
• Other sources of funds (e.g., Scholarships, Grants, and Fellowships)	<u>1,596</u>	<u>\$ 1,317,261</u>
TOTAL	40,574	\$78,684,619

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities so we could send a survey questionnaire to these peer universities that were not Illinois State universities already subject to this audit. We asked if they had written tuition waiver policies, if their employees could take courses without paying tuition, if they had limits on waivers, and what documents they used. The results of the survey are summarized in Exhibit D below for peer universities that responded.

<i>Exhibit D</i> SURVEY OF PEER UNIVERSITIES						
University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	Waiver Limit	Instruction Cost Covered by Tuition	Documents Used
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 support staff • Employees' dependents 	No	Not available	<ul style="list-style-type: none"> • Applications • Accounting records
University of North Texas	Yes	No	Not applicable	No	No response	<ul style="list-style-type: none"> • Applications • Eligibility criteria
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 support staff • Employees' dependents 	No	24% average	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Decision memoranda

SOURCE: OAG survey of peer universities

F. UNIVERSITY'S COMMENTS ON IMPACT OF WAIVERS

We invited ISU to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. ISU commented as follows:

“Three fundamental questions must be addressed in response to your invitation:

1. What programmatic objectives are tuition waivers intended to achieve?
2. Can these objectives be achieved in some other manner?
3. What would be the net effect on tuition rates of such changes?

These questions are addressed below for institutional waivers. Statutory waivers were established to accomplish State objectives and are beyond the control of individual institutions.

Illinois State University's tuition waiver programs are intended to achieve four broad objectives:

- recognizing and reinforcing academic and athletic excellence,
- promoting increased diversity on campus,
- encouraging faculty and staff intellectual growth and development, and
- supporting the University's traditional role of preparing teachers for Illinois' schools.

Academic talent waivers and intercollegiate athletic waivers serve to reinforce the idea that achievement and excellence are the purposes of the University while also providing needed financial aid. Combined with the variety of University, college, and department honors, achievement awards, and opportunities, waivers are an effective way of both attracting and retaining qualified students who have demonstrated the ability or the capacity to achieve.

The pursuit of academic achievement and excellence applies also to faculty and staff. Achieving the University's mission of providing the State's premier undergraduate education requires talented faculty and staff dedicated to continuous self-improvement. Providing tuition waivers for additional education promotes staff professional development, improves productivity, increases retention, and boosts morale. Each of these reduces costs to the institution which helps keep price affordable. The related program of providing a 50 percent waiver to dependents of qualified faculty and staff is an important staff recruitment and retention tool. The Illinois General Assembly recognized the importance of this program this past session and expanded the benefits to require all public universities to extend tuition waivers to all eligible dependents.

Another University goal is to increase diversity on campus by enhancing student and staff awareness of multi-cultural and international issues and to improving the representation of traditionally underrepresented groups. Waivers granted to foreign students, students enrolled in the national and international exchange programs, and selected talent waivers serve to both attract and retain a variety of underrepresented students that contribute to

this important goal. Foreign and national student exchange programs require tuition waivers as part of contractual agreements.

Illinois State University has a historic and ongoing statewide mission in preparing teachers for Illinois' schools. A critical component of that preparation is the clinical observation experiences that are required of teacher education students prior to the student teaching practicum. The program providing cooperating schools and teachers with waiver vouchers has been described in previous materials. This is a small but important program feature that allows the University to fulfill its statewide mission while simultaneously contributing to the continuing professional education of active elementary and secondary teachers in Illinois' schools.

The waiver programs described above work in concert with other University programs and activities to accomplish our goals. Given the need to have talented students, faculty, and staff and the reality that almost all higher education institutions offer waivers, it is unlikely that less costly alternatives can be provided to achieve the same objectives. Replacing tuition waivers with grants or scholarships simply substitutes increased expenditures for foregone revenue.

We do 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 the resulting marginal cost increases. If student exchange waivers are eliminated, Illinois State University students would attend classes here instead of the exchange student from another university and there would be no savings; however, educational opportunities would be reduced. Eliminating waivers for cooperating teachers would increase the cost to the University providing staff to supervise clinical observations. Eliminating faculty and staff waivers would reduce the University's ability to compete with other institutions nationwide with no discernible reduction in education costs.

In summary, 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.

We look forward to working with you and your colleagues to understand better how Illinois public universities can manage these important programs.”

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main audit report:

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.
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.
3. Illinois State University should require its 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.
4. Each State university should maintain complete selection records on individuals selected to receive a tuition waiver.
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.
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.

H. UNIVERSITY'S RESPONSE TO THE AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from ISU is reproduced on the following pages.



ILLINOIS STATE

UNIVERSITY
RECEIVED

AUDITOR GENERAL

APR 1 1998
2 PM 2 05

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March 31, 1998

Mr. William Holland
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Springfield, IL 62703-3 154

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 staffs 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
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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

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SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
NORTHEASTERN ILLINOIS UNIVERSITY

This Supplement to the Management Audit of Tuition and Fee Waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

Northeastern Illinois University (NEIU) reported having 10,386 full-time and part-time students in fall 1995. According to NEIU's fiscal year 1996 report submitted to the Illinois Board of Higher Education (IBHE), the university awarded 2,176 tuition waivers. Of these, 591 waivers were for undergraduates and 1,585 waivers were for graduate students.

NEIU could not provide the Office of the Auditor General (OAG) with its fiscal year 1996 waiver information on computer disk for audit review because officials said the Cooperative Computer Center, where their data had been kept, closed. Therefore, vital statistics, such as the number of graduate and undergraduate waivers, were taken from NEIU's report to the IBHE. NEIU provided the OAG some information on waiver recipients in a paper copy but it did not agree with their IBHE report. Ten other State university campuses were able to provide the OAG with a list of individual tuition waiver recipients in a computerized format.

The total tuition revenue (excluding tuition waivers) reported by NEIU to the IBHE was \$14,332,000 (see Exhibit A). The value of tuition and fee waivers in the data provided to the OAG was \$1,353,956 (Exhibit B-2) while their data provided to the IBHE showed \$1,514,100 (it consisted of \$1,463,200 in tuition waivers and \$50,900 in fee waivers).

Each year universities report the number and amount of waivers to the IBHE. The university's fiscal year 1996 data submitted to the OAG contained discrepancies noted below:

- NEIU's paper copy of waivers provided to the OAG did not contain only tuition waivers that were used but also contained individuals who were approved for a waiver. For example, our random sample found 15 individuals did not use the waiver and, therefore, had to be replaced in our sample. We deleted unused waivers when known.
- The paper copy provided to the OAG showed NEIU over-reported to the IBHE the number of tuition waivers (1,820 vs. 2,176) and under-reported the dollar amount of waivers (\$1,353,956 vs. \$1,463,200). University officials stated the differences of 356 waivers and \$109,244 were caused by a timing difference. The IBHE data was for July 1 through June 30, while the audit data was for fall 1995, spring 1996, and summer 1996. Officials also said their new computer system could not provide information in computer format because the data we requested was not a regular report.

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students *	4,484
Part-Time Students*	5,902
Graduate Students*	2,954
Undergraduate Students*	7,432
Graduate	
• Tuition Waivers	1,585
• Amount	\$921,800
Undergraduate	
• Tuition Waivers	591
• Amount	\$541,400
Tuition Revenue (excluding tuition waivers)	\$14,332,000
Financial Aid (including tuition waivers)	\$17,440,085
*Fall 1995 only. SOURCE: IBHE data.	

Exhibit B-1 shows the waivers for fiscal years 1994 through 1996. Exhibit B-2 on the next page shows NEIU data for Fiscal Year 1996 as reported to the OAG. Data submitted to the OAG could not be separated into graduate and undergraduate classifications.

<i>Exhibit B-1</i>									
WAIVERS BY PROGRAM									
UNDERGRADUATE									
WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996*		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	100	\$ 84,900	0	82	\$ 75,000	0	80	\$ 76,200	0
Athletic	60	85,300	0	91	116,800	0	85	117,600	0
BOG Need Based	118	61,400	0	188	55,500	0	100	51,900	0
Children of Employees	24	18,200	0	21	18,200	0	19	16,100	0
Dependents of Deceased Staff	2	2,800	\$ 300	3	7,600	\$ 2,800	1	2,000	\$ 300
General Assembly	72	101,300	3,100	67	91,000	2,800	65	82,300	2,500
Other - Talent	90	100,300	0	92	99,700	0	90	99,700	0
ROTC	5	6,800	400	11	8,600	300	16	15,400	500
Senior Citizens	1	200	100	2	1,300	200	2	2,000	300
Special Education	22	38,800	1,200	20	26,200	800	20	24,300	800
Support Staff (Civil Service)	82	52,000	7,800	82	54,000	8,000	110	49,700	7,400
Wards of DCFS	2	4,200	900	3	2,900	600	3	4,200	900
Undergraduate Sub-Total	578	\$556,200	\$13,800	662	\$556,800	\$15,500	591	\$541,400	\$12,700
GRADUATE									
WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996*		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Cooperating Teachers	129	\$ 38,600	0	113	\$ 30,600	0	110	\$ 46,900	0
Faculty/Administrators	41	20,900	\$ 2,800	41	16,100	\$ 2,200	35	25,700	\$ 3,800
General Assembly	12	10,200	300	15	10,100	300	10	9,100	300
Graduate Assistantships	83	112,500	8,500	105	145,500	11,000	110	151,000	22,600
Graduate Federal Program	0	0	0	0	0	0	365	99,300	3,100
Graduate Merit	792	443,000	0	820	444,400	0	800	463,300	0
Graduate Need	26	18,300	0	31	27,100	0	30	29,400	0
Senior Citizens	1	1,000	200	2	1,500	200	0	0	0
Special Education	57	48,600	1,500	53	56,200	1,800	45	51,700	1,600
Student in Grant Program	333	79,400	10,700	337	72,100	9,800	0	0	0
Support Staff (Civil Service)	76	41,100	6,200	81	39,900	5,400	80	45,400	6,800
Graduate Sub-Total	1,550	\$813,600	\$30,200	1,598	\$843,500	\$30,700	1,585	\$921,800	38,200
TOTAL	2,128	\$1,369,800	\$44,000	2,260	\$1,400,300	\$46,200	2,176	\$1,463,200	\$50,900
*University officials did not provide data in the format requested, therefore, NEIU's information submitted to IBHE was used. See Exhibit B-2 for combined graduate/undergraduate data submitted to Office of the Auditor General (OAG).									
NOTE: Totals may not add by several dollars due to rounding of multiple programs.									
SOURCE: University data provided to IBHE.									

<i>Exhibit B-2</i> NEIU REPORT TO OAG <i>Fiscal Year 1996</i>		
Waiver Program	Amount	Number
Academic	\$65,682	73
Athletic	\$111,762	72
BOG Need Based	\$49,192	102
Children of Employees	\$14,743	21
Cooperating Teachers	\$35,871	109
Faculty/Administrators	\$23,896	31
General Assembly	\$87,338	59
Graduate Assistantships	\$156,000	97
Graduate Fed. Program	\$70,752	235
Graduate Merit	\$401,361	681
Graduate Need	\$40,396	42
Other – Talent	\$107,256	79
ROTC	\$17,887	13
Senior Citizens	\$1,623	3
Special Education	\$68,313	63
Support Staff (Civil Service)	\$96,708	138
Wards of DCFS	\$5,176	2
TOTAL	\$1,353,956	1,820

Source: University data provided to OAG.

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decisions processes, internal evaluations, and reporting systems. The audit examined the university's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems. NEIU had some written tuition waiver policies but university-wide policies generally did not address the following:

- Process for determining the total waivers to be awarded by the university.
- Process for allocating waivers to units within the university.
- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting on waivers.
- System for monitoring waiver programs.
- Cut-off date for accepting waivers.
- 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.

Internal audits or other reviews of tuition waivers were not performed during fiscal years 1994-96.

AWARD PROCESS

The university indicated that the number and amount of institutional waivers to be awarded each year is based upon projected revenues. Once the projections have been established, dollars are allocated to programs based on their prior year allotments, with prorations based on tuition increases or decreases. After the dollars have been assigned, the college/department can determine the number of waivers they will grant.

Interested applicants must contact the college or department to obtain an application and follow the college/department established procedures. In general, application forms, eligibility requirements, selection criteria, and decision memoranda are at the college/department level. The University Budget Office keeps records on the budgeted amount for each program, and the Accounting Office holds the information on tuition and fees assessed and credits students' accounts for a particular academic session. Information on statutory waivers is held in the Financial Aid Office.

University officials said they did not provide any tuition waivers in lieu of compensation.

DATA ENTRY CONTROLS

The university did not have written procedures regarding entry of tuition waivers in the computer system. The data is entered by an administrative assistant, then reviewed by a supervisor, but 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.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled 142 tuition waivers at NEIU from fiscal year 1996 to review the university's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of documents missing is calculated based on applicable documents (applicable documents are discussed in the section "Waivers Sampled" of Chapter 4).

Statutory Waivers

- 3 of 10 waivers (30%) did not contain written application forms.
- 6 of 50 waivers (12%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.

Institutional Waivers

- 28 of 69 waivers (41%) did not have written application forms or application letters.

- 36 of 88 waivers (41%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- 30 of 92 waivers (33%) did not have documentation of the decision to award the waiver.
- 1 of 11 waivers (9%) did not have a written contract.

The university did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed the university's compliance with these laws, primarily for individuals in our sample. All waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted, as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

☆ **CHILDREN OF EMPLOYEES.** Six individuals in our random sample at the university received this waiver in fiscal year 1996. The university had documentation to show they met statutory requirements. The sample also included three recipients with cumulative GPA's of 3.75 or above while one recipient had a cumulative GPA of 2.00 or below.

⌚ **RESERVE OFFICER'S TRAINING CORPS.** The university exceeded the limit of ten ROTC recipients during fiscal year 1996 because it had 13 recipients. Three recipients in our random sample at this university received this waiver in fiscal year 1996. The sample showed the university had documentation of waiver approval and Illinois residency, however, all waivers sampled were missing applications and contracts.

⌚ **SENIOR CITIZENS.** One recipient was in our random sample of this tuition waiver and the recipient met all statutory requirements but did not have a decision document.

⌚ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** The university did not issue Sports Equity waivers in fiscal year 1996.

⌚ **TALENT WAIVERS.** IBHE reported that the university did not exceed the three percent limit on undergraduate waivers for fiscal year 1996. For details about these waivers, see the section below titled "Institutional Waivers."

⌚ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** Twenty recipients in our random sample at this university received this waiver in fiscal year 1996 which indicated the following:

- The university had the required certificate from the Illinois Student Assistance Commission showing a tuition waiver was authorized.

- Fourteen recipients had cumulative GPA's above 3.75, six of which were cumulative 4.00.

① **GENERAL ASSEMBLY.** Nineteen individuals in our random sample at this university received this waiver in fiscal year 1996 which indicated the following:

- Five recipients had addresses outside the awarding legislators' district.
- One recipient had a cumulative GPA of 3.75 or above while one recipient had a cumulative GPA of 2.0 or below.

② **WARDS OF DCFS.** One recipient in our random sample at this university received this waiver in fiscal year 1996. For this individual, the university had the letter from the Department of Children and Family Services authorizing the waiver.

INSTITUTIONAL WAIVERS

During fieldwork, we tested 92 institutional waivers at this university to determine if they had applications, eligibility and selection criteria, decision documents, and contracts when applicable. The results of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may have been different). The "Observations" column includes cumulative grade point averages if they were 3.75 and above or 2.00 and below; graduate students whose cumulative GPA were below 3.00 are also reported.

<i>Exhibit C</i>				
INSTITUTIONAL WAIVER PROGRAMS				
ACADEMIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Academic				<ul style="list-style-type: none"> • Maintain a GPA of at least 3.25 • Be enrolled in at least one Honors course
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
10-039	\$984.00	Yes		
10-040	\$492.00	Yes		
10-041	\$492.00	Yes		Cumulative GPA 3.90
10-042	\$492.00	Yes		
ATHLETIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Athletic				<ul style="list-style-type: none"> • N/A (Athletes selected by coaches)
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
11-035	\$1,968.00	Yes		
11-036	\$1,968.00	Yes		Cumulative GPA 1.67
11-037	\$984.00	Yes		
11-038	\$1,968.00	Yes		

COOPERATING TEACHERS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Cooperating Teachers			<ul style="list-style-type: none"> • Granted for supervising student teacher • Used within one year 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
12-028	\$259.50	Yes		
12-029	\$259.50	Yes		
12-030	\$259.50	Yes		Cumulative GPA 3.75
12-031	\$250.50	Yes		Cumulative GPA 3.75
12-032	\$259.50	Yes		Cumulative GPA 4.00
12-033	\$259.50	Yes		Cumulative GPA 4.00
12-034	\$1,297.50	Yes		
FACULTY/ADMINISTRATORS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Faculty/Administrators			<ul style="list-style-type: none"> • Full-time employees may enroll for a maximum of 2 courses or 6 credit hours, whichever is greater, in one academic term. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
14-018	\$667.50	Yes	<ul style="list-style-type: none"> • No application • No selection criteria provided • No decision document 	Documents provided were not for semesters during fiscal year 1996.
14-019	\$333.75	Yes		Cumulative GPA 4.0
14-020	\$593.25	Yes		Documents indicated multiple waivers but university accounting records showed waiver was for only 1 semester.
GRADUATE ASSISTANTS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Graduate Assistantships			<ul style="list-style-type: none"> • Fully admitted student in a graduate program. • Cumulative GPA of at least 3.0 and enrolled for the semester. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
16-013	\$4,848.00	Yes		Cumulative GPA 3.89
16-014	\$2,022.00	Yes		
16-015	\$778.50	Yes		Cumulative GPA 4.00
16-016	\$593.25	Yes		Cumulative GPA 3.90
16-017	\$1,641.92	Yes		Cumulative GPA 3.86
GRADUATE FEDERAL PROGRAMS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
NSF-Math Improvement Professional Development Scholl College Grant School, College, & University Partnership - (SCUP)-Bridges to the Future Urban Science			<ul style="list-style-type: none"> • Student enrolled in the class(es) specified. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
17-001	\$927.00	Yes		NSF-Math Improvement student with a 3.75 cumulative GPA.

17-002	\$677.50	Yes		NSF-Math Improvement student with a cumulative 4.00 GPA.
17-003	\$927.00	Yes		Professional Development student with a cumulative 3.80 GPA.
17-004	\$1,025.75	Yes		Scholl College Grant student.
17-005	\$160.75	Yes		SCUP-Bridges to the Future student with a 4.00 cumulative GPA.
17-006	\$516.75	Yes		SCUP-Bridges to the Future student with a 4.00 cumulative GPA.
17-007	\$170.75	Yes		SCUP-Bridges to the Future student with a 4.00 cumulative GPA.
17-008	\$170.75	Yes		Urban Science student with a 4.00 cumulative GPA.
17-009	\$247.25	Yes		Urban Science student.
17-010	\$160.75	Yes		Urban Science student with a 4.00 cumulative GPA.
17-011	\$257.25	Yes		Urban Science student.
17-012	\$160.75	Yes		Urban Science student with a 3.83 cumulative GPA.
OTHER				
University Waiver Program				Eligibility and Selection Criteria
BOG Need-Based Undergraduate Graduate Merit Waiver Graduate Need-Based Waiver				<ul style="list-style-type: none"> Varied by type of talent.
OAG #	Total Waiver	IL Res	Missing Records	Observations
18-047	\$301.00	Yes	<ul style="list-style-type: none"> No application No criteria 	BOG Need-Based Undergraduate student.
18-048	\$246.00	Yes	<ul style="list-style-type: none"> No documented financial need 	BOG Need-Based Undergraduate student.
18-049	\$519.00	Yes	<ul style="list-style-type: none"> No application No documentation for number of credit hours waived by Merit Tuition Waiver in the past No letter indicating why student believes they should be awarded a waiver No decision document 	Graduate Merit Waiver student. No documentation maintained per university memo.
18-050	\$778.50	Yes	<ul style="list-style-type: none"> No application No waiver criteria No decision document 	Graduate Merit Waiver student with a 3.86 cumulative GPA.
18-051	\$259.50	Yes		Graduate Merit Waiver student withdrew from both courses enrolled during audit period.
18-052	\$519.00	Yes		Graduate Merit Waiver student with a 4.00 cumulative GPA.
18-053	\$519.00	Yes		Graduate Merit Waiver student.
18-054	\$389.25	Yes	<ul style="list-style-type: none"> No application No recommendation of advisor No decision document 	Graduate Merit Waiver student with a 3.92 cumulative GPA. University officials indicated the documents were not maintained.
18-055	\$1,038.00	Yes		Graduate Merit Waiver student with a 3.82 cumulative GPA.
18-056	\$1,038.00	Yes		Graduate Merit Waiver student.
18-057	\$519.00	Yes	<ul style="list-style-type: none"> No application No waiver criteria No decision document 	Graduate Merit Waiver student with a 3.91 cumulative GPA.
18-058	\$519.00	Yes	<ul style="list-style-type: none"> No Selective Service 	Graduate Merit Waiver student.

			Form	
18-059	\$778.50	Yes	<ul style="list-style-type: none"> No application No documentation for number of credit hours waived by Merit Tuition Waiver in the past No letter indicating why student believes they should be awarded a waiver No decision document 	Graduate Merit Waiver student. No documentation maintained per university memo.
18-060	\$778.50	Yes	<ul style="list-style-type: none"> No application No waiver criteria No decision document 	Graduate Merit Waiver student with a 4.00 cumulative GPA.
18-061	\$259.50	Yes	<ul style="list-style-type: none"> No application No waiver criteria No decision document 	Graduate Merit Waiver student.
18-062	\$692.00	Yes	<ul style="list-style-type: none"> No documented audition 	Graduate Merit Waiver student with a 3.87 cumulative GPA.
18-063	\$519.00	Yes	<ul style="list-style-type: none"> No application No documentation of enrollment in Educational Leadership Program and prior merit award No decision document 	Graduate Merit Waiver student. University officials stated that application was not maintained.
18-064	\$519.00	Yes	<ul style="list-style-type: none"> No application No waiver criteria No decision document 	Graduate Merit Waiver student. No records maintained per university memo.
18-065	\$259.50	Yes	<ul style="list-style-type: none"> No advisor recommendation 	Graduate Merit Waiver student with a 4.00 cumulative GPA.
18-066	\$519.50	Yes		Graduate Merit Waiver student.
18-067	\$519.00	N/A	See observation	Graduate Merit Waiver student. University could not provide any award process documentation.
18-068	\$778.50	Yes	<ul style="list-style-type: none"> No application No advisor recommendation No decision document 	Graduate Merit Waiver student with a 4.00 cumulative GPA.
18-069	\$1,297.00	Yes	<ul style="list-style-type: none"> No application No advisor recommendation No decision document 	Graduate Merit Waiver student. No records maintained per university memo.
18-070	\$519.50	Yes	<ul style="list-style-type: none"> No application No documentation for number of credit hours waived by Merit Tuition Waiver in the past No letter indicating why student believes they should be awarded a waiver No decision document 	No records maintained per university memo. Graduate Merit Waiver student with a 3.83 cumulative GPA.
18-071	\$519.00	Yes	<ul style="list-style-type: none"> No application No waiver criteria No decision document 	Graduate Merit Waiver student with a 3.75 cumulative GPA.
18-072	\$519.00	Yes	<ul style="list-style-type: none"> No application No documentation of 	Graduate Merit Waiver student with a 4.00 cumulative GPA. University officials stated that application was not

			<p>enrollment in Educational Leadership Program and prior merit award</p> <ul style="list-style-type: none"> • No decision document 	maintained.
18-073	\$259.50	Yes	<ul style="list-style-type: none"> • No application • No documentation for number of credit hours waived by Merit Tuition Waiver in the past • No letter indicating why student believes they should be awarded a waiver • No decision document 	No records maintained per university memo. Graduate Merit Waiver student with a 4.00 cumulative GPA.
18-074	\$259.50	Yes	<ul style="list-style-type: none"> • No application • No waiver criteria • No decision document 	Graduate Merit Waiver student with a 4.00 cumulative GPA.
18-075	\$259.50	Yes	<ul style="list-style-type: none"> • No application • No documentation for number of credit hours waived by Merit Tuition Waiver in the past • No letter indicating why student believes they should be awarded a waiver • No decision document 	Graduate Merit Waiver student. No records maintained per university memo.
18-076	\$259.50	Yes	<ul style="list-style-type: none"> • No application • No waiver criteria • No decision document 	Bachelors Degree awarded December 1995. Graduate Merit Waiver student with a 4.00 cumulative GPA.
18-077	\$519.00	Yes	<ul style="list-style-type: none"> • No advisor recommendation • No decision document 	Graduate Merit Waiver student.
18-078	\$259.50	Yes	<ul style="list-style-type: none"> • No decision document 	Graduate Merit Waiver student with a 3.92 cumulative GPA.
18-079	\$519.00	Yes	<ul style="list-style-type: none"> • No application • No waiver criteria • No decision document 	Graduate Merit Waiver student with a 4.00 cumulative GPA.
18-080	\$259.50	Yes	<ul style="list-style-type: none"> • No application • No waiver criteria • No decision document 	Graduate Merit Waiver student with a 4.00 cumulative GPA.
18-081	\$259.50	Yes		Graduate Merit Waiver application was provided for summer 1996, but University accounting records indicated no expenditure for the waiver.
18-082	\$886.62	Yes	<ul style="list-style-type: none"> • No application • No waiver criteria • No decision document 	Graduate Merit Waiver student withdrew from courses enrolled in both semesters of academic year 1996.
18-083	\$1,371.50	Yes	<ul style="list-style-type: none"> • No application spring 1996 • No decision document spring 1996 	Graduate Merit Waiver student with a 4.00 cumulative GPA. University officials stated that application was not maintained.
18-084	\$259.50	Yes	<ul style="list-style-type: none"> • No application • No documentation for number of credit hours waived by Merit Tuition Waiver in the past 	Graduate Merit Waiver student. No records maintained per university memo.

			<ul style="list-style-type: none"> No letter indicating why student believes they should be awarded a waiver No decision document 	
18-085	\$259.50	Yes	<ul style="list-style-type: none"> No advisor recommendation No decision document 	Graduate Merit Waiver student.
18-086	\$259.50	Yes	<ul style="list-style-type: none"> No application No documented display of promise as graduate student No decision document 	Graduate Merit Waiver student. No records maintained per university memo.
18-087	\$1,038.00	Yes	<ul style="list-style-type: none"> No application No decision document 	Graduate Merit Waiver student with a 4.00 cumulative GPA.
18-088	\$519.00	Yes		Graduate Need-Based Waiver student. Received 1 F and 1 incomplete in fall 1995. Graduate cumulative GPA 2.5.
18-089	\$1,038.00	Yes		Graduate Need-Based Waiver student. Transcript indicates that registration requirement was not met.
18-090	\$1,297.50	Yes		Graduate Need-Based Waiver student spring 96. Student awarded Bachelors Degree in December 1995.
18-091	\$1,297.50	Yes		Graduate Need-Based Waiver student.
18-092	\$1,038.00	Yes	<ul style="list-style-type: none"> No transcript for academic year 1996 	Graduate Need-Based Waiver student.
OTHER TALENT				
University Waiver Program			Eligibility and Selection Criteria	
Talent -Dance			<ul style="list-style-type: none"> Varied by type of talent. 	
Talent-Music				
Talent-Speech				
OAG #	Total Waiver	IL Res	Missing Records	Observations
19-043	\$1,968.00	Yes	<ul style="list-style-type: none"> No evaluation of audition 	Talent student.
19-044	\$1,476.00	Yes	<ul style="list-style-type: none"> No contract 	Talent student with a 3.76 cumulative GPA.
19-045	\$1,968.00	Yes		Talent student.
19-046	\$984.00	Yes	<ul style="list-style-type: none"> No documentation of audition for fall 1995 	Talent student.
SUPPORT STAFF (CIVIL SERVICE)				
University Waiver Program			Eligibility and Selection Criteria	
Support Staff			<ul style="list-style-type: none"> Civil Service employee of university Full-time employee can receive a waiver for 6 credit hours per academic term or 18 credit hours annually; ¾ time employees can receive a waiver for 4 credit hours per academic term or 12 credit hours annually; ½ time employees can receive a waiver for 3 credit hours per academic term or 9 credit hours annually 	
OAG #	Total Waiver	IL Res	Missing Records	Observations
22-021	\$881.04	Yes		Individual withdrew from 1 class.
22-022	\$955.50	Yes		Cumulative GPA 4.00
22-023	\$395.75	Yes		Student received incomplete in only course enrolled.
22-024	\$333.75	Yes		Inter-institutional student. Graduate cumulative GPA of 2.00.

22-025	\$1,132.50	Yes		Inter-institutional student. Student received 1 D and withdrew from 1 class during audit period. Cumulative GPA 1.80
22-026	\$1,407.00	Yes		Applications for spring and summer 1996 not signed by student. Cumulative GPA 3.88.
22-027	\$1681.50	Yes		Cumulative GPA 3.83

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/grants, loans, and employment. This university reported in the *IBHE Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	3,632	\$4,914,519
• State programs (e.g., Monetary Award Program, National Guard Grants)	4,322	\$8,797,063
• Institutional programs (e.g., Tuition Waivers)	3,225	\$2,905,134
• Other sources of funds (e.g., Scholarships, Grants, and Fellowships)	<u>329</u>	<u>\$823,369</u>
TOTAL	11,508	\$17,440,085

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities so we could send them a survey questionnaire about tuition waivers. NEIU identified only Illinois public universities as its peer universities which were not surveyed because they are already reported upon in this audit .

F. UNIVERSITY'S COMMENTS ON IMPACT OF WAIVERS

We invited the university to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. The university commented as follows:

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.

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main audit report:

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.

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

H. UNIVERSITY'S RESPONSE TO THE AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from NEIU is reproduced on the following pages.



'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

SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
NORTHERN ILLINOIS UNIVERSITY

This supplement to the Management Audit of Tuition and Fee waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and other related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

Northern Illinois University (NIU) reported having 22,218 full-time and part-time students in fall 1995. NIU awarded 4,695 tuition waivers to 4,471 students. Of these, 1,396 waivers were for undergraduates and 3,299 were for graduate students. The value of tuition waivers was \$7,892,267 and fees waivers was \$95,860. The total tuition revenue at NIU was \$40,344,800 (see Exhibit A).

Each year universities report the number and amount of waivers to the Illinois Board of Higher Education (IBHE). NIU's fiscal year 1996 data submitted to the Office of the Auditor General (OAG) contained discrepancies which are noted below:

- NIU under-reported waivers to the IBHE (3,626 vs. 4,695). NIU valued them at \$7,123,300 to IBHE while its data provided to the OAG showed they were worth \$7,892,267 – an additional \$768,967. NIU stated that, “A portion of this total can be attributed to sports equity waivers granted within the 1% limitation but not reported to IBHE as part of the 1996 implementation plan.”

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students*	16,042
Part-Time Students *	6,176
Graduate Students*	6,458 ¹
Undergraduate Students*	15,760
Graduate	
• Tuition Waivers	3,299
• Amount	\$4,573,895
Undergraduate	
• Tuition Waivers	1,396
• Amount	\$3,318,372
Tuition Revenue (excluding tuition waivers)	\$40,344,800
Financial Aid (including tuition waivers)	\$75,589,291
*Fall 1995 only. Totals may not add due to rounding. ¹ Graduate total includes 300 professional student waivers. SOURCE: OAG analysis of IBHE and university data.	

- NIU's data submitted to the OAG for individual waiver programs did not always agree with their data submitted to the IBHE. Some examples are shown below:

Undergraduate Waiver Program	Reported to OAG	Reported to IBHE	Difference
Academic	\$785,044	\$641,000	\$144,044
Athletic	\$1,237,050	\$623,800	\$613,250

- Northern did not report the number of waivers given in accordance with the instructions. The number reported to IBHE was an estimate based on the total dollar amount waived divided by the tuition rate. The number provided for the audit was not an unduplicated count, but rather the total number of waivers awarded. Furthermore, the final computer file provided to the OAG staff after fieldwork ended included five additional fiscal year 1996 recipients.

According to NIU, “Significant new computer programming was required to create the database provided during the audit. Since this was a new initiative, the initial logic followed has since been refined. This should facilitate accurate and consistent reporting in the future.”

Exhibit B shows the waivers for fiscal years 1994 through 1996.

Exhibit B									
WAIVERS BY PROGRAM									
UNDERGRADUATE									
WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996*		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	297	\$619,700		294	\$ 629,900	0	315	\$ 785,044	0
Athletic	148	385,900		146	392,000	0	282	1,237,050	\$ 5
Children of Employees	137	115,700		98	110,000	\$ 4,000	98	84,691	0
Cooperating Teachers	22	26,700		22	34,200	0	53	30,716	0
Dependents of Staff	0	0		0	0	0	14	13,455	0
Faculty/Administrators	3	2,100		3	2,200	700	6	2,605	796
General Assembly	218	482,900		224	570,600	13,200	181	416,049	0
Graduate Assistantships	0	0		0	0	0	7	8,976	0
Other	2	1,200		1	600	0	8	10,189	2,932
Other - Talent	102	179,800		100	197,800	0	115	202,565	0
ROTC	76	133,700		54	132,900	3,100	76	156,611	0
Special Education	137	300,600		130	297,600	7,000	117	274,784	0
Support Staff (Civil Service)	107	90,000		97	76,900	26,600	116	78,002	28,553
Wards of DCFS	5	12,400		8	21,200	5,800	8	17,633	5,385
Undergraduate Sub-Total	1,254	\$2,350,700	*	1,177	\$2,465,900	\$60,400	1,396	\$3,318,370	\$37,671
GRADUATE									
WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	590	\$1,155,700		441	\$1,314,600	0	548	\$ 970,436	0
College of Law	80	185,700		80	237,100	0	83	219,608	0
Cooperating Teachers	415	349,900		484	369,900	0	847	342,843	0
Faculty/Administrators	115	99,200		117	106,500	\$33,900	171	109,432	\$35,257
General Assembly	49	58,700		0	0	0	35	65,373	0
Graduate Assistantships	1,276	2,423,200		1,266	2,518,100	0	1,408	2,513,968	0
Other	7	4,200		0	0	0	84	259,580	1,216
ROTC	2	2,700		0	0	0	1	1,076	0
Special Education	25	24,400		0	0	0	24	28,079	0
Support Staff (Civil Service)	85	68,000		83	70,400	23,000	98	63,500	21,714
Graduate Sub-Total	2,644	4,371,700	*	2,471	4,616,600	\$56,900	3,299	\$4,573,895	\$58,187
TOTAL	3,898	\$6,722,400	*	3,648	\$7,082,500	\$117,300	4,695	\$7,892,267	\$95,860
NOTE: Totals may not add by several dollars due to rounding of multiple programs.									
* University did not separate fees from tuition in fiscal year 1994.									
SOURCE: University data provided to IBHE (fiscal years 1994 and 1995) and Office of the Auditor General (fiscal year 1996).									

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decisions processes, internal evaluations, and reporting systems. The audit examined NIU's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems.

NIU had some written tuition waiver policies but university-wide policies generally did not address the following:

- Process for determining the total waivers to be awarded by the university.
- Process for allocating waivers to units within the university.
- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting on waivers.
- System for monitoring waiver programs.
- Cut-off date for accepting waivers.
- 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.

Internal audits of tuition waivers were not performed during fiscal years 1994-96, however, an evaluation of compensation for the Cooperating Teachers program was performed.

AWARD PROCESS

NIU indicated that departments submit proposals to Academic and Student Affairs Division for allocation of undergraduate tuition waivers. A Tuition Waiver Committee within the Academic and Student Affairs Division reviews and recommends waiver allocations for undergraduate students to the Provost's Office. The graduate school allocates about 100 new waivers annually to departments proportionate to the number of graduate students enrolled.

Application procedures, criteria, and the award process vary by department. Records on waivers are maintained at the following locations:

- Academic departments retain records regarding the offer and acceptance of awards, eligibility of individual recipients, and conformity with stated goals and criteria.
- Financial Aid Office retains records on tuition waiver usage by department.
- University Honors Program retains proposals for unit awards, eligibility requirements, application procedures, records of unit approved for allocations, and follow-up reports indicating number of waivers used.
- Bursar's Office maintains records of all waivers applied to each student's account.

NIU stated that tuition waivers in lieu of compensation are only awarded to Cooperating Teachers from school districts where students have a teaching experience.

DATA ENTRY CONTROLS

Northern had incomplete written procedures regarding the entry of tuition waivers in the computer system and did not perform supervisory review of all waivers entered in the computer. Northern did have good physical security, with locked doors and employees wearing name tags, at the Bursar's office which was responsible for some waivers.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled at NIU 155 tuition waivers from fiscal year 1996 to review the university's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of documents missing is calculate based on applicable documents (applicable documents are discussed in the section "Waivers Sampled" of Chapter 4).

Statutory Waivers

- 9 of 20 waivers (45%) did not have written application forms or application letters.
- 9 of 61 waivers (15%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- 3 of 61 waivers (5%) did not have documentation of the decision to award the waiver.
- 8 of 9 waivers (89%) did not have a written contract.

Institutional Waivers

- 8 of 53 waivers (15%) did not have written application forms or application letters.
- 9 of 88 waivers (10%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- 4 of 94 waivers (4%) did not have documentation of the decision to award the waiver.
- All applicable waivers had written contracts (i.e., graduate assistants).

NIU did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed NIU's compliance with these laws, primarily for individuals in our sample. All tuition waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted in this section, as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

☆ **CHILDREN OF EMPLOYEES.** Eleven individuals in our random sample at NIU received this waiver in fiscal year 1996 which showed three recipients were awarded this waiver whose parents were employed less than seven years by NIU. NIU was following the former Board of Regents policy that required only three years of employee service.

⌚ **RESERVE OFFICER'S TRAINING CORPS.** NIU exceeded the limit of ten ROTC recipients during fiscal year 1996 because it had 38 and 40 recipients respectively for fall and spring semesters. Nine recipients in our random sample at NIU received this waiver in fiscal year 1996. The sample also indicated one recipient had a cumulative GPA of 2.0 or below.

⌚ **SENIOR CITIZENS.** NIU did not report any Senior Citizen waivers in fiscal year 1996.

⌚ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** NIU awarded 77 Sports Equity waivers in 1996 worth \$220,700. NIU filed a biennial Sports Equity plan in 1995 with the Illinois Board of Higher Education to achieve gender equity in sports which contained statutorily required elements.

⌚ **TALENT WAIVERS.** IBHE reported that the university exceeded the three percent limit for fiscal year 1996 by awarding tuition waivers worth 3.7% of its undergraduate tuition revenue. NIU's fiscal year 1998 budget was reduced by \$286,700. For details about Talent waivers, see the section below titled "Institutional Waivers."

⌚ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** Sixteen recipients in our random sample at NIU received this waiver in fiscal year 1996 which indicated NIU had the required certificate from the Illinois Student Assistance Commission showing a tuition waiver was authorized for the waivers. Four recipients had cumulative GPA's of 3.75 or above.

⌚ **GENERAL ASSEMBLY.** Twenty-four individuals in our random sample at NIU received this waiver in fiscal year 1996 which indicated the following:

- Two waiver recipients had addresses outside the awarding legislators' district.
- Three recipients' cumulative GPA was 3.75 or above while two recipients cumulative GPA was 2.00 or below.

⌚ **WARDS OF DCFS.** There was one DCFS waiver in our random sample for fiscal year 1996. NIU had the required letter from the Department of Children and Family Services authorizing this waiver. The waiver recipient had a cumulative GPA below 2.00.

INSTITUTIONAL WAIVERS

During fieldwork, we tested 94 institutional waivers at NIU to determine if they had applications, eligibility and selection criteria, decision documents, and contracts when applicable. The results of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may have been different). The “Observations” column includes grade point averages if they were 3.75 and above or 2.00 and below; graduate students whose GPA were below 3.00 are also reported.

<i>Exhibit C</i>				
INSTITUTIONAL WAIVER PROGRAMS				
ACADEMIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Deaf-Blindness Certificate Graduate School Fellowship Graduate Student Intern Golden Apple Scholar Institute of International Education International Graduate Student Presidential Scholarship for Minority Students University Honors Fellowship University Scholar				<ul style="list-style-type: none"> Varies by program
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
10-069	\$3,809.40	No		Graduate School Fellowship student with a 3.83 cumulative GPA.
10-070	\$2,870.40	Yes		University Scholar student with a 3.92 cumulative GPA.
10-071	\$2,601.30	Yes		University Scholar student with a 3.94 cumulative GPA.
10-072	\$2,691.00	No	<ul style="list-style-type: none"> Principal/Counselor’s Report 	University Honors Fellowship.
10-073	\$4,353.60	No		Student had a 4.00 cumulative GPA.
10-074	\$1,088.40	Yes		International Graduate Student Tuition Waiver.
10-075	\$3,265.20	No		Student had a 4.00 cumulative GPA.
10-076	\$1,814.00	Yes		Graduate Student Intern Waiver. Student received waiver because he/she enrolled in internship program which is needed to graduate.
10-077	\$816.30	Yes		Graduate Student Intern Waiver. Student received waiver because he/she enrolled in internship program which typically is needed to graduate.
10-078	\$959.00	Yes		Graduate Student Intern. Student received waiver because he/she enrolled in internship program which is needed to graduate. Student had a 3.91 cumulative GPA.
10-079	\$816.30	Yes		Student received a Graduate Student Recruitment tuition waiver which university said was used as a precursor to a graduate assistantship. No GPA.
10-080	\$95.90	Yes		Graduate Student Intern-Counseling. Student received waiver because he/she enrolled in internship program which is needed to graduate. Student had a 4.00 cumulative GPA.
10-081	\$544.20	Yes		Graduate Student Intern. Student received waiver because he/she enrolled in internship program which is needed to graduate. Student had a 4.00 cumulative GPA.

10-082	\$362.80	Yes		Graduate Student Intern-Counseling. Student received waiver because he/she enrolled in internship program which is needed to graduate. Student had a 3.85 cumulative GPA.
10-083	\$1,088.40	Yes		Graduate Student Intern. Student received waiver because they enrolled in internship program which is typically needed to graduate.
10-084	\$287.70	Yes		Graduate Student Intern-Counseling. Student received a waiver because he/she enrolled in internship program which is needed to graduate. Student had a 4.00 cumulative GPA.
10-085	\$2,601.30	Yes	<ul style="list-style-type: none"> No selection criteria for 1995/96 	Presidential Scholarship for Minority Students.
10-086	\$2,691.00	Yes	<ul style="list-style-type: none"> No application No documentation that student met core requirements for transfer students. No GPA 3.0 No decision document 	Presidential Scholarship for Minority Students. NIU indicated application was not maintained.
10-087	\$2,332.20	Yes	<ul style="list-style-type: none"> No documentation that student met core requirements for transfer students. No GPA 3.0 	Presidential Scholarship for Minority Students.
10-088	\$2,691.00	Yes	<ul style="list-style-type: none"> No application No selection criteria No decision document 	Student received 1D, 1F, and withdrew from 2 classes during the audit period.

ATHLETIC

University Waiver Program				Eligibility and Selection Criteria
Athletic				<ul style="list-style-type: none"> N/A (Athletes selected by coaches)
OAG #	Total Waiver	IL Res	Missing Records	Observations
11-063	\$711.37	Yes		Student received 1 D each semester of academic year 1996 and withdrew from 1 course during summer 1996.
11-064	\$3,160.10	Yes		Student received 1 D and 1 F during academic year 1996.
11-065	\$2,421.90	Yes		Student received 1 D and withdrew from 1 course in fall 1995.
11-066	\$1,390.35	Yes		Student received 1 D in fall 1995 and 2 D's in spring 1996.
11-067	\$8,342.10	No		Student withdrew from 1 class during the audit period.
11-068	\$7265.70	No		Student withdrew from 1 class during the audit period.

COOPERATING TEACHERS

University Waiver Program				Eligibility and Selection Criteria
Cooperating Teachers				<ul style="list-style-type: none"> Granted for supervising student-teacher. Valid for one year.
OAG #	Total Waiver	IL Res	Missing Records	Observations
12-043	\$272.10	Yes		
12-044	\$272.10	Yes		
12-045	\$272.10	Yes		Cumulative GPA 3.85
12-046	\$287.70	Yes		
12-047	\$272.10	Yes		Cumulative GPA 4.00
12-048	\$272.10	Yes		Student withdrew from 1 class during the audit period.
12-049	\$831.90	Yes		Cumulative GPA 3.92
12-050	\$272.10	Yes		Cumulative GPA 4.00
12-051	\$272.10	Yes		Cumulative GPA 4.00
12-052	\$272.10	Yes		

12-053	\$1,104.00	Yes		
12-054	\$544.20	Yes		Cumulative GPA 3.81
12-055	\$1,088.40	Yes		Cumulative GPA 3.90
12-056	\$287.70	Yes		Cumulative GPA 4.00
12-057	\$287.70	Yes		Cumulative GPA 3.95
12-058	\$272.10	Yes		Cumulative GPA 4.00
12-059	\$575.40	Yes		
12-060	\$272.10	Yes		
12-061	\$575.40	Yes		Cumulative GPA 4.00
12-062	\$272.10	Yes		Cumulative GPA 3.86
DEPENDENT OF STAFF				
University Waiver Program				Eligibility and Selection Criteria
Dependent of Staff				<ul style="list-style-type: none"> No criteria provided.
OAG #	Total Waiver	IL Res	Missing Records	Observations
13-042	N/A	N/A	See Observations column	According to NIU official, waiver was misclassified and was a Talent waiver. However, the Talent waiver was for FY97.
FACULTY/ADMINISTRATORS				
University Waiver Program				Eligibility and Selection Criteria
Faculty/Administrators				<ul style="list-style-type: none"> Full-time employees may enroll for 2 courses or 6 credit hours, whichever is greater, in one academic term.
OAG #	Total Waiver	IL Res	Missing Records	Observations
14-033	\$736.86	Yes		
14-034	\$491.24	Yes		Student withdrew from 2 courses. No GPA
14-035	\$368.43	Yes		
14-036	\$614.05	Yes		No GPA
14-037	\$491.24	Yes		
GRADUATE ASSISTANTS				
University Waiver Program				Eligibility and Selection Criteria
Graduate Assistantships				<ul style="list-style-type: none"> Admitted to NIU. In good standing. Not previously encumbered by Bursar. Demonstrate good English speaking skills (if teaching assistant).
OAG #	Total Waiver	IL Res	Missing Records	Observations
16-001	\$863.10	No		
16-002	\$2,752.40	No		Cumulative GPA 4.00
16-003	\$1,648.20	No		Cumulative GPA 3.79
16-004	\$1,588.46	No		Cumulative GPA 4.00
16-005	\$438.76	Yes		Cumulative GPA 3.90. Student withdrew from 1 class during the audit period.
16-006	\$1,904.70	No		Student received 3 incompletes during the audit period.
16-007	\$2,671.90	No		Student withdrew from 1 course and received F in 1 course.
16-008	\$2,197.60	Yes		Cumulative GPA 4.00
16-009	\$1,088.40	Yes		
16-010	\$2,283.10	Yes		Student withdrew from 1 class during the audit period.
16-011	\$1,088.40	Yes		Cumulative GPA 3.95 Student withdrew from 1 class during the audit period.
16-012	\$1,088.40	Yes		
16-013	\$1,088.40	Yes		Cumulative GPA 3.85

16-014	\$2,480.10	Yes		Student withdrew from 1 class during the audit period.
16-015	\$2,687.50	No		Cumulative GPA 3.75
16-016	\$3,039.90	Yes		Cumulative GPA 3.82
16-017	\$1,456.40	Yes		Cumulative GPA 3.94
16-018	\$2,752.20	Yes		Cumulative GPA 3.89
16-019	\$575.40	Yes	• No application	Cumulative GPA 4.00
16-020	\$2,176.80	Yes		Cumulative GPA 3.92 Student withdrew from 1 class during the audit period.
16-021	\$2,208.00	Yes		Cumulative GPA 3.94
16-022	\$2,454.60	Yes		Cumulative GPA 3.83
16-023	\$2,176.80	Yes		
16-024	\$1,663.80	Yes		
16-025	\$2,858.50	Yes		Student withdrew from 1 class during the audit period.
16-026	\$2,480.10	Yes		Cumulative GPA 4.00
16-027	\$2,480.10	Yes	• No application	Cumulative GPA 3.90. Officials stated the application was not maintained.
16-028	\$2,752.20	No		
16-029	\$1,451.20	No	• No application	University accepted student's resume in lieu of an application.
16-030	\$2,666.70	No	• No application • No waiver criteria	Student was interviewed and recommended for athletics assistantship.
16-031	\$2,192.40	No		
16-032	\$1,920.30	Yes		Cumulative GPA 3.92
OTHER				
University Waiver Program				Eligibility and Selection Criteria
Graduate Assistant College of Law Law Review Staff Waiver				• Varied by type of talent
OAG #	Total Waiver	IL Res	Missing Records	Observations
18-092	\$2,136.00	Yes	• No application	Graduate Assistant College of Law. Documents were not provided to determine if criteria on job posting were satisfied. Cumulative graduate GPA of 2.42
18-093	\$2,136.00	Yes		Law Waiver. Cumulative graduate GPA of 2.91.
18-094	\$2,136.00	Yes	• No waiver criteria	Graduate Assistant College of Law. Cumulative graduate GPA of 2.91.
OTHER TALENT				
University Waiver Program				Eligibility and Selection Criteria
Programming and Activities Institutional Waiver School of Music Institutional Waiver				• Varied by type of talent
OAG #	Total Waiver	IL Res	Missing Records	Observations
19-089	\$1,435.20	Yes		School of Music Institutional Tuition Waiver. Student received 2 D's and 1 unsatisfactory during academic year 1996.
19-090	\$1,255.80	Yes		School of Music Institutional Tuition Waiver. Student received 1 D and withdrew from 1 course during academic year 1996.
19-091	\$1076.40	Yes	• No decision document	Student received 3 F's and withdrew from 1 class during the audit period.
SUPPORT STAFF (CIVIL SERVICE)				
University Waiver Program				Eligibility and Selection Criteria
Support Staff				• Civil Service employee of the university. • Meet university admission standards.

				<ul style="list-style-type: none"> Full-time employee can receive a waiver for 8 credit hours; 7/8 time employees can receive a waiver for 7 credit hours; 3/4 time employees can receive a waiver for 6 credit hours; 5/8 time employees can receive a waiver for 5 credit hours; 1/2 time employees can receive a waiver for 4 credit hours.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
22-038	\$368.43	Yes		No GPA
22-039	\$1,854.03	Yes		Cumulative GPA 3.89
22-040	\$2,324.09	Yes		
22-041	\$1,338.70	Yes		

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/grants, loans, and employment. NIU reported in the IBHE *Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	6,486	\$ 9,366,877
• State programs (e.g., Monetary Award Program, National Guard Grants)	14,259	\$44,551,015
• Institutional programs (e.g., Tuition Waivers)*	8,604	\$19,087,155
• Other sources of funds (e.g., Scholarships, Grants, and Fellowships)	<u>1,078</u>	<u>\$ 2,584,244</u>
TOTAL	30,427	\$75,589,291

* Source document does not add.

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities so we could send a survey questionnaire to these peer universities that were not Illinois public universities already subject to this audit. We asked if they had written tuition waiver policies, if their employees could take courses without paying tuition, if they had limits on waivers, and what documents they used. We also asked for their comments on the impact of waivers. The results of the survey are summarized in Exhibit D below for peer universities that responded.

Exhibit D
SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	Waiver Limit	Instruction Cost Covered by Tuition	Documents Used
Clemson University	Yes	No	<ul style="list-style-type: none"> Administrators and faculty Civil service support staff 	Yes - State Law 2%	Not available	<ul style="list-style-type: none"> Applications Eligibility requirements
Kent State University	Yes	No	<ul style="list-style-type: none"> Administrators and faculty Civil service support staff Dependents Part-time employees 	No	63%	<ul style="list-style-type: none"> Applications Eligibility requirements Accounting records Computerized applications
Louisiana State University	No	Yes	<ul style="list-style-type: none"> Administrators and faculty Civil service support staff 	No	33%	<ul style="list-style-type: none"> Applications Eligibility requirements Selection criteria Computerized application process records
Montana State University - Bozeman	Yes	Yes	<ul style="list-style-type: none"> Administrators and faculty Civil service support staff 	Yes - 6% of the institution's total fall term FTE enrollment for the preceding year or as budgeted by the institution	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 support staff Employees' dependents 	No	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 support staff 	Yes - Amount is fixed by the N.C. General Assembly	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 support staff All permanent employees 	Yes - Limits within each program	No response	<ul style="list-style-type: none"> Applications Eligibility requirements Selection criteria Decision memoranda Accounting records Computerized applications
Oregon State University	No	Study Abroad Programs	<ul style="list-style-type: none"> Administrators and faculty Civil service support staff 	No	No response	<ul style="list-style-type: none"> Applications Eligibility requirements Selection criteria Accounting records
Rutgers University	No	No	<ul style="list-style-type: none"> Administrators and faculty Civil service support staff Employees' dependents Dependents of retirees 	Not applicable	83%	None
University of Alabama	No	No	<ul style="list-style-type: none"> Administrators and faculty Employees' dependents 	No	No response	<ul style="list-style-type: none"> Eligibility requirements Selection criteria Decision memoranda
University of Kentucky	No	<ul style="list-style-type: none"> Employee educational assistance 	<ul style="list-style-type: none"> Any regular full-time faculty or staff member 	No	Approximately 30%	<ul style="list-style-type: none"> Applications

Exhibit D
SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	Waiver Limit	Instruction Cost Covered by Tuition	Documents Used
		<ul style="list-style-type: none"> • Institutional fee waivers 				
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 support staff • Employees' dependents 	No	76%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Decision memoranda • Accounting records • Computerized applications
University of Missouri	Yes	Yes	<ul style="list-style-type: none"> • Administrators and faculty • Civil service support staff 	No	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 support staff 	Yes - Some are mandatory; the aggregate amount cannot exceed budget	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 support staff • Employees' dependents 	Not applicable	Approximately 16%	Not applicable
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 	No	Not available	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Criteria • Decision Memoranda • Accounting records • Computerized application process 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 • Employees' dependents • Domestic partners/spouses 	No	23% for 1995-96	<ul style="list-style-type: none"> • Applications • Eligibility requirements
University of Rhode Island	No	No	<ul style="list-style-type: none"> • Administrators and faculty • Civil service support staff • Employees' dependents 	No	100%	<ul style="list-style-type: none"> • Applications
University of South Carolina	Yes	No	<ul style="list-style-type: none"> • Administrators and faculty 	Yes - Fee waivers are limited to space available after all full pay students have been registered	Not available	<ul style="list-style-type: none"> • Applications • Eligibility requirements
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 support staff • Spouses: 50% fee waiver 	Limited to 3 credit hours per semester for tuition waivers	42%	<ul style="list-style-type: none"> • Applications • Accounting records • Tuition waiver forms
Utah State University	No	No	Not applicable	No response	15.8%	No response
Washington	No	No	<ul style="list-style-type: none"> • Administrators and 	Yes - 20% of gross	41%	<ul style="list-style-type: none"> • Applications

<i>Exhibit D</i> SURVEY OF PEER UNIVERSITIES						
University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	Waiver Limit	Instruction Cost Covered by Tuition	Documents Used
State University			<ul style="list-style-type: none"> faculty Civil service support staff 	operating fee revenue		<ul style="list-style-type: none"> Eligibility requirements Accounting records
West Virginia University	Yes	Yes	<ul style="list-style-type: none"> Administrators and faculty Civil service support staff 	Yes - Limited by State statute. Undergraduate waivers up to 5% of prior year enrollment; graduate waivers up to 10% of prior year enrollment	20%	<ul style="list-style-type: none"> Applications Eligibility requirements Selection criteria Decision memoranda Accounting records Computerized tracking of waiver availability

SOURCE: OAG survey of peer universities.

These peer universities made the following comments:

- KENT STATE 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.”
- UNIVERSITY OF ALABAMA**
 “Our policy does not permit tuition waivers, but those that qualify under our guidelines receive tuition grants. All eligible students receive the same benefits.”
- WEST VIRGINIA 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.”
- MONTANA STATE UNIVERSITY - BOZEMAN**
 “Any discounting of tuition for any group of students results in higher tuition for other students.”

F. UNIVERSITY’S COMMENTS ON IMPACT OF WAIVERS

We invited NIU to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. NIU commented as follows:

“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.

Any review of the direct cost and impact of waivers on tuition rates, must take into account the relative magnitude of the aggregate of such waivers in comparison to the total potential tuition as well as the benefit of the services provided through waivers, in light of the costs associated with providing such services by other means.

Undergraduate institutional waivers at NIU account for approximately 4% of the total undergraduate tuition charges. This represents \$1,597,000 in comparison with a FY96 undergraduate tuition level of \$38,465,600. In the case of graduate institutional waivers (and a limited number of undergraduate waivers), the university is able to use waivers to provide direct support to the instructional programs and services offered. In these cases support and services are provided at a fraction of the costs that would be required if the waivers were not available. Waivers are used, for example, in conjunction with the teacher education program to provide student teacher classroom experiences in various school districts throughout the state. In this way, the waivers in fact serve to keep costs to all students down as opposed to adversely affecting tuition rates.

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."

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main audit report:

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.
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.

3. Northern Illinois University should require its 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.
4. Each State university should maintain complete selection records on individuals selected to receive a tuition waiver.
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.
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.

H. UNIVERSITY'S RESPONSE TO THE AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from NIU is reproduced on the following pages.





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

SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
SOUTHERN ILLINOIS UNIVERSITY – CARBONDALE

This Supplement to the Management Audit of Tuition and Fee Waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and other related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

Southern Illinois University - Carbondale (SIU-C) reported having 22,418 full-time and part-time students in fall 1995. SIU-C awarded 4,651 tuition waivers to 4,508 students. Of these, 1,826 waivers were for undergraduates and 2,825 were for graduate students. The value of tuition waivers was \$10,368,547 and fees waived was \$286,179. The total tuition revenue at SIU-C was \$42,040,800 (see Exhibit A).

Each year universities report the number and amount of waivers to the Illinois Board of Higher Education (IBHE). SIU-C's fiscal year 1996 data provided to the Office of the Auditor General (OAG) contained discrepancies that are noted below:

- SIU-C over-reported to the IBHE by counting foreign students and out-of-state students twice: once as graduate assistants and again as out-of-state students.
- SIU-C's data submitted to the OAG for individual waiver programs did not always agree with their data submitted to the IBHE. Some examples are shown below:

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students*	18,436
Part-Time Students*	3,982
Graduate Students*	4,246 ¹
Undergraduate Students*	18,172
Graduate	
• Tuition Waivers	2,825
• Amount	\$7,712,385
Undergraduate	
• Tuition Waivers	1,826
• Amount	\$2,656,162
Tuition Revenue (excluding tuition waivers)	\$42,040,800
Financial Aid (including tuition waivers)	\$123,577,519
* Fall 1995 only.	
¹ Graduate total includes 641 professional students.	
SOURCE: OAG analysis of IBHE and university data.	

Undergraduate Waiver Program	Reported to OAG	Reported to IBHE	Difference
Academic	\$756,293	\$271,800	\$484,493
Fellowships	\$65,680	\$0	\$65,680
General Assembly	\$261,017	\$180,900	\$80,117
Graduate Assistantship	\$101,146	\$0	\$101,146
Graduate Waiver Program	Reported to OAG	Reported to IBHE	Difference
Contract Training	\$292,291	\$458,000	(\$165,709)
Graduate Assistantship	\$5,990,676	\$3,284,900	\$2,705,776

- SIU-C charged in-state tuition rates to students living in the border counties of Kentucky. SIU-C did not consider these to be waivers; therefore, its computer system did not identify them as waivers. SIU-C had to manually identify and add these waivers in its annual waiver report to the IBHE because the IBHE considers these to be waivers.

Exhibit B on the next page shows the waivers for fiscal years 1994 through 1996.

**Exhibit B
WAIVERS BY PROGRAM**

UNDERGRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	741	\$ 707,200	0	669	\$ 826,800	0	654	\$756,293	0
Athletic	291	659,300	0	282	696,300	0	287	723,814	0
Children of Employees	137	107,200	0	216	167,300	0	191	151,555	0
Contract Training	18	41,400	0	8	13,600	\$300	8	35,415	0
Cooperating Teachers	0	0	0	1	900	300	1	1,603	0
Dependents of Deceased Staff	5	8,800	0	2	3,600	0	3	6,640	0
Faculty/Administrators	11	5,500	0	11	6,100	0	11	8,900	\$6,163
Fellowships	0	0	0	0	0	0	43	65,680	0
General Assembly	130	175,800	0	116	165,400	0	125	261,017	0
Graduate Assistantships	0	0	0	0	0	0	79	101,146	0
Out-of-State	73	258,800	0	62	216,900	0	32	119,016	0
ROTC	96	115,200	0	127	183,600	0	149	234,835	0
Support Staff (Civil Service)	214	128,900	0	207	130,100	0	208	127,076	99,937
Teacher Education	38	54,300	0	31	49,800	0	27	59,518	0
Wards of DCFS	9	2,900	0	12	17,100	2,300	8	3,655	0
Undergraduate Sub-Total	1,763	\$2,265,300	\$0	1,744	\$2,477,500	\$2,900	1,826	\$2,656,162	\$106,100

GRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	197	\$ 275,500	0	188	\$ 307,800	0	146	\$268,594	\$1,876
Athletic	3	7,600	0	5	4,300	0	0	0	0
Contract Training	436	425,000	0	346	340,600	\$33,200	116	292,291	871
Cooperating Teachers	0	0	0	129	58,900	28,800	89	83,608	0
Dependents of Staff	2	1,300	0	2	1,400	0	1	240	0
Faculty/Administrators	279	162,800	0	264	166,700	0	235	160,410	109,989
Fellowships	144	385,600	0	137	459,700	8,800	115	503,102	0
Foreign Students	590	1,337,700	0	595	1,420,800	0	0	0	0
General Assembly	56	260,710	0	65	314,380	0	23	227,072	0
Graduate Assistantships	2,298	2,924,300	0	2,328	3,145,000	0	1,941	5,990,676	0
Miscellaneous	0	0	0	4	1,300	0	0	0	0
Out-of-State	526	1,420,400	0	595	1,648,100	0	0	0	0
ROTC	0	0	0	1	2,700	0	1	2,133	0
Support Staff (Civil Service)	128	75,500	0	147	94,900	0	135	85,889	67,343
University Waivers	23	87,420	0	26	101,190	0	19	93,151	0
Teacher Education	13	13,900	0	5	8,200	0	4	5,218	0
Wards of DCFS	0	0	0	11	23,600	0	0	0	0
Graduate Sub-Total	4,695	\$7,377,730	\$0	4,848	\$8,099,570	\$70,00	2,825	\$7,712,385	\$180,079
TOTAL	6,458	\$9,643,030	\$0	6,592	\$10,577,070	\$73,700	4,651	\$10,368,547	\$286,179

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

SOURCE: University data provided to IBHE (fiscal years 1994 and 1995) and Office of the Auditor General (fiscal year 1996).

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decision processes, internal evaluations, and reporting systems. The audit examined SIU-C's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems. SIU-C had some written tuition waiver policies but university-wide policies generally did not address the following:

- Process for determining the total waivers to be awarded by the university.
- Process for allocating waivers to units within the university.
- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting on waivers.
- System for monitoring waiver programs.
- Cut-off date for accepting waivers.
- 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.

Internal audits or other reviews of tuition waivers were not performed during fiscal years 1994-96.

AWARD PROCESS

University officials stated that SIU-C establishes a maximum budget amount for undergraduate, academic scholarships, and NCAA tuition waivers. Previous year budgets and changes in the tuition rate are the basis of the tuition waiver allocation.

Records on waivers were maintained at the following locations:

- records for waiver approval were maintained at the individual departments
- records on the dollar amount of tuition and fees were maintained at the budget office
- records for all students receiving waivers were maintained in the financial aid office
- records for annual financial statement preparation were processed in the accounting office

University officials said SIU-C did not award any tuition waivers in lieu of compensation.

DATA ENTRY CONTROLS

SIU-C's Financial Aid office did not have written procedures regarding entry of tuition waivers in the computer system. The system has built-in edit checks but no post-entry review is performed. The authorizing department was sent a list of recipients, but it was the department's responsibility to verify the data.

SIU-C did not have complete procedures regarding the entry of tuition waivers in the computer system. Records were not kept to demonstrate that the data entered into the computer was checked by a supervisor for proper authorization. Fifty individuals were on a list of people with update access to the waiver data, including two former employees. Officials said they sent academic departments a report, but left it to them to verify the recipients.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled 154 tuition waivers at SIU-C from fiscal year 1996 to review the university's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of documents missing is calculated based on applicable documents (applicable documents are discussed in the section "Waivers Sampled" of Chapter 4).

Statutory Waivers

- 7 of 40 waivers (18%) did not have written application forms or application letters.
- All sampled waivers satisfied all eligibility and selection criteria and had documentation of the decision to award the waiver.
- 7 of 17 waivers (41%) in the ROTC program did not have a contract. All other statutory programs did not require a contract.

Institutional Waivers

- 4 of 85 waivers (5%) did not have written application forms or application letters.
- 22 of 84 waivers (26%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- All sampled waivers contained documentation of the decision to award the waiver.
- 1 of 9 (11%) waivers did not contain a contract.

SIU-C did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed SIU-C's compliance with these laws, primarily for individuals in our sample. All waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted in this section,

as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

❶ **CHILDREN OF EMPLOYEES.** Twenty-three individuals in our random sample at SIU-C received this waiver in fiscal year 1996. SIU-C had documentation showing that all recipients met statutory requirements. The sample also indicated four recipients did not maintain a cumulative GPA above 2.0, and one recipient had a cumulative GPA of 3.75 or higher during the last semester of fiscal year 1996.

❷ **RESERVE OFFICER'S TRAINING CORPS.** SIU-C exceeded the limit of ten ROTC recipients during fiscal year 1996 because it had 150 recipients. SIU-C multiplied the value of one full waiver by 40, creating the dollar amount that could be awarded. Because of this formula, which is based on dollars rather than a number of waivers, there is no definitive number of maximum scholarships which can be made. Seventeen recipients in our random sample at SIU-C received this waiver in fiscal year 1996. For these individuals, SIU-C documented the waiver approval and Illinois residency.

❸ **SENIOR CITIZENS.** SIU-C did not report any Senior Citizen awards in fiscal year 1996.

❹ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** SIU-C did not award Sports Equity waivers in fiscal year 1996.

❺ **TALENT WAIVERS.** IBHE reported that the University did not exceed the three percent limit on undergraduate waivers in fiscal year 1996. For details about these waivers, see the section below titled "Institutional Waivers."

❻ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** Four recipients in our random sample at SIU-C received this waiver in fiscal year 1996. For these individuals, SIU-C held the required certificate from the Illinois Student Assistance Commission showing a tuition waiver was authorized. The sample also indicated one student had a cumulative GPA less than 2.0 during the last semester of fiscal year 1996.

❼ **GENERAL ASSEMBLY.** Fifteen recipients in our random sample at SIU-C received this waiver in fiscal year 1996. For all recipients sampled, SIU-C had the legislators' nomination form and all recipients lived in the awarding legislators' district. The sample also indicated two recipients had a cumulative GPA of 2.0 or less at the end of fiscal year 1996.

❽ **WARDS OF DCFS.** One recipient in our random sample at SIU-C received this waiver. For this individual, SIU-C had the letter from the Department of Children and Family Services authorizing the award.

INSTITUTIONAL WAIVERS

During fieldwork, we tested 94 institutional waivers at SIU-C to determine if they had applications, eligibility and selection criteria, decision documents, and contracts when applicable. The results of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may have been different). The “Observations” column includes cumulative grade point averages if they were 3.75 and above or 2.00 and below; graduate students whose GPA were below 3.00 are also reported.

<i>Exhibit C</i>				
INSTITUTIONAL WAIVER PROGRAMS				
ACADEMIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Academic				<ul style="list-style-type: none"> Established written criteria for this waiver varies by individual program.
SIU-C Academic				
SIU-C Scholarship				
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
10-129	\$200.00	Yes	<ul style="list-style-type: none"> No application No clinic evaluation No interview No written statement 	
10-130	\$150.00	Yes	<ul style="list-style-type: none"> No application No clinic evaluation No interview No written statement 	Cumulative GPA: 1.93 Student received 3 D's and 2 F's. Selection based on evaluation at 5-day clinic.
10-131	\$2,160.00	No		Cumulative GPA: 4.0
10-132	\$2,400.00	Yes		
10-133	\$36.00	Yes		Cumulative GPA: 3.93
10-134	\$3,648.00	Yes	<ul style="list-style-type: none"> No application 	
10-135	\$1,100.00	No		Cumulative GPA: 3.8
10-136	\$960.00	Yes		
10-137	\$700.00	Yes		
10-138	\$960.00	Yes		Cumulative GPA: 3.76
10-139	\$36.00	Yes		
10-140	\$1,440.00	No	<ul style="list-style-type: none"> No documentation that other scholarship funds were not being received. 	Cumulative GPA: 4.0
10-141	\$5,760.00	No		Cumulative GPA: 3.84
10-142	\$731.80	Yes		Cumulative GPA: 4.0
10-143	\$1,000.00	No	<ul style="list-style-type: none"> No documentation that recipient was foreign student visa holder. No evidence of financial need. 	Cumulative GPA: 3.8
10-144	\$1,251.80	Yes		
10-145	\$2,080.00	Yes		Cumulative GPA: 3.75
10-146	\$700.00	No		Cumulative GPA: 4.0

ATHLETIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Athletic				<ul style="list-style-type: none"> N/A (Athletes selected by coaches).
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
11-123	\$2,160.00	No		
11-124	\$771.80	Yes		Student received 1 D and withdrew from 1 class.
11-125	\$2,400.00	Yes		Student received 1 F and withdrew from 1 class.
11-126	\$2,240.00	Yes		
11-127	\$4,240.00	No		Student received 1 D.
11-128	\$4,560.00	No		Student was not a resident in fall 1995 but became resident for spring 1996.
COOPERATING TEACHERS				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Cooperating Teachers				<ul style="list-style-type: none"> Served as Cooperating Teacher by supervising a SIU-C student-teacher for a semester, or being on the affiliated school administrative approval list. Completed application for tuition-free semester. Waiver valid for semester during which student was placed or the next two semesters.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
12-121	\$509.99	Yes		Cumulative GPA: 4.0
12-122	\$1,895.95	Yes		Cumulative GPA: 4.0
DEPENDENTS OF STAFF				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Dependents of Deceased Employees				<ul style="list-style-type: none"> Employee at time of death was retired, in active pay status, or on disability and had served the university for at least 5 years. Spouse/child was not an employee of SIU-C except in student employment. Eligible for period not to exceed 8 semesters.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
13-120	\$240.00	Yes	<ul style="list-style-type: none"> Unsigned application 	
FACULTY/ADMINISTRATORS				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Faculty/Administrators				<ul style="list-style-type: none"> Employee was on pay status. Completed application. Employed during semester for which waiver was applied. Limit of 8 graduate hours per semester for full-time employees (no limit on undergraduate courses).
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>

14-107	\$519.92	Yes		
14-108	\$953.84	Yes		Student withdrew from all classes.
14-109	\$311.97	Yes		Student withdrew from the one class being taken.
14-110	\$2,890.30	Yes		Student took more than the 8 hour limit. Cumulative GPA: 3.82
14-111	\$2,480.16	Yes		Cumulative GPA: 4.0
14-112	\$519.92	Yes		
GRADUATE ASSISTANTS				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Graduate Assistants NOTE: Unlike most other universities, SIU-C usually provided program-specific criteria with available supporting documentation for this program.				<ul style="list-style-type: none"> Each program has its own individual selection criteria. General criteria includes being a registered student in degree program.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
16-061	\$5,015.25	Yes		Cumulative GPA: 4.0
16-062	\$2,160.00	No	<ul style="list-style-type: none"> No demonstrated financial need No letters of recommendation No documentation of previous experience 	The department noted that any worksheets used to informally collect data on each application have been destroyed. They added that they will place proper forms in student permanent files in the future.
16-063	\$4,320.00	Yes		
16-064	\$4,965.75	No		Cumulative GPA: 3.84
16-065	\$4,800.00	No	<ul style="list-style-type: none"> No specific criteria provided 	Cumulative GPA: 4.0
16-066	\$3,360.00	Yes	<ul style="list-style-type: none"> No documentation of how student would meet departmental needs 	Cumulative GPA: 4.0 Waiver information also contained faculty evaluation sheets to document student selection.
16-067	\$1,520.00	No		Department officials said they discarded ranking sheets after funding decision was made.
16-068	\$2,000.00	Yes		Cumulative GPA: 3.83
16-069	\$1,200.00	Yes	<ul style="list-style-type: none"> No specific criteria provided 	University officials stated that the award was granted because the student possessed the skills needed by the department.
16-070	\$2,160.00	Yes		Cumulative GPA: 3.78
16-071	\$720.00	Yes	<ul style="list-style-type: none"> No specific criteria provided 	Records also included a statement of experience, a resume, a personal and professional data sheet. Student's cumulative GPA 2.4.
16-072	\$1,680.00	Yes		Cumulative GPA: 3.83. Records also included professor evaluation sheets.
16-073	\$2,160.00	Yes	<ul style="list-style-type: none"> No verification of Illinois license in this field 	Only 1 applicant applied to the program.
16-074	\$3,815.25	Yes		Cumulative GPA: 4.0
16-075	\$2,240.00	Yes	<ul style="list-style-type: none"> No documentation of student's awards and honors as required 	Student was not among those initially chosen for a waiver. Individual had very low GRE scores of 15% (verbal), 19% (quantitative), and 40% (analytical). He entered the Ph.D. program at his own expense. The Admissions Committee considered a sign of serious commitment and gave a tuition waiver because funding became available. Officials said his performance has justified their decision to waive tuition.
16-076	\$1,680.00	Yes		Cumulative GPA: 4.0. Records also included faculty evaluation sheets to document student selection.
16-077	\$960.00	Yes		Cumulative GPA: 3.9
16-078	\$5,950.50	Yes		Department chair noted that most of the program's

				students are on assistantship.
16-079	\$2,320.00	Yes		Cumulative GPA: 4.0
16-080	\$480.00	Yes		
16-081	\$1,520.00	Yes		Cumulative GPA: 3.88
16-082	\$2,000.00	Yes	<ul style="list-style-type: none"> No GRE scores 	Cumulative GPA: 4.0
16-083	\$4,775.25	Yes	<ul style="list-style-type: none"> No demonstrated financial need No letters of recommendation 	Cumulative GPA: 3.84
16-084	\$480.00	Yes		Cumulative GPA: 3.78
16-085	\$1,920.00	Yes		Cumulative GPA: 3.90 Records also included an evaluation sheet to rank the candidates.
16-086	\$2,080.00	Yes	<ul style="list-style-type: none"> No demonstrated financial need No letters of recommendation Not minority recruited No documentation of how student would meet departmental needs 	Cumulative GPA: 3.82
16-087	\$2,000.00	Yes		Cumulative GPA: 2.80
16-088	\$560.00	Yes	<ul style="list-style-type: none"> No documentation of student's knowledge or interest in project 	Cumulative GPA: 3.83
16-089	\$3,840.00	No		
16-090	\$960.00	Yes		
16-091	\$1,440.00	Yes		Cumulative GPA: 3.79 Records also included faculty evaluation sheets to document student selection.
16-092	\$1,920.00	Yes		Cumulative GPA: 3.94
16-093	\$2,855.25	Yes		
16-094	\$2,880.00	No		Cumulative GPA: 4.0
16-095	\$1,680.00	Yes	<ul style="list-style-type: none"> No documentation of interview 	Cumulative GPA: 4.0
16-096	\$4,560.00	Yes		
16-097	\$1,360.00	Yes		Cumulative GPA: 3.88
16-098	\$6,629.25	Yes		
16-099	\$2,160.00	Yes	<ul style="list-style-type: none"> No specific criteria provided 	Student withdrew from four classes.
16-100	\$3,840.00	No		Cumulative GPA: 4.0
16-101	\$6,662.25	Yes	<ul style="list-style-type: none"> No documentation of previous experience No instructor recommendations 	
16-102	\$1,120.00	No		
16-103	\$6,455.25	Yes		Cumulative GPA: 3.83 Records also included applicant ranking sheets.
16-104	\$5,040.00	Yes		Cumulative GPA: 3.8
16-105	\$4,535.25	No	<ul style="list-style-type: none"> No specific criteria provided 	Cumulative GPA: 3.75 Department noted there was no documentation of the student's original selection because the faculty member who was the Section Head at the time has retired.
16-106	\$1,200.00	Yes		
OTHER				
University Waiver Program				Eligibility and Selection Criteria
Other Contract Training Grant Fellowships				<ul style="list-style-type: none"> Criteria is tailored for each specific program.
OAG #	Total Waiver	IL Res	Missing records	Observations
18-148	\$534.56	Yes		Cumulative GPA: 4.0

18-149	\$3,200.00	Yes	• No contract	Cumulative GPA: 4.0
18-150	\$534.56	Yes		Cumulative GPA: 4.0
18-151	\$320.00	Yes		
18-152	\$2,080.00	Yes		Cumulative GPA: 3.8
18-153	\$2,080.00	Yes		Cumulative GPA: 4.0
18-154	\$1,040.00	Yes	• No financial need application	
OUT-OF-STATE				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Out-of-State				<ul style="list-style-type: none"> • Must live in one of the 14 contiguous counties of Kentucky.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
20-147	\$4,640.00	No		
SUPPORT STAFF (CIVIL SERVICE)				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Support Staff (Civil Service)				<ul style="list-style-type: none"> • Employee on pay status. • Complete application. • Employed during semester for which waiver has been applied. • Limit of 8 graduate hours per semester for full-time employees (no limit on undergraduate courses).
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
22-113	\$522.92	Yes		
22-114	\$1,850.96	Yes		Student withdrew from three courses.
22-115	\$1,045.84	Yes		Cumulative GPA: 3.88
22-116	\$1,668.90	Yes		Student received 2 D's and withdrew from 1 class.
22-117	\$873.87	Yes		Student withdrew from 3 courses.
22-118	\$259.98	Yes		Student withdrew from only class taken.
22-119	\$519.92	Yes		Cumulative GPA: 4.0

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/grants, loans, and employment. SIU-C reported in the IBHE *Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	24,622	\$70,214,052
• State programs (e.g., Monetary Award Program, National Guard Grants)	9,706	\$19,915,035
• Institutional programs (e.g., Tuition Waivers)	12,583	\$29,895,801
• Other sources of funds (e.g., Scholarships, Grant, and Fellowships)	<u>1,809</u>	<u>\$ 3,552,631</u>
TOTAL	48,720	\$123,577,519

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities and they named the institutions below. We sent a survey questionnaire to these peer universities that were not Illinois public universities already subject to this audit. We asked if they had written tuition waiver policies, if their employees could take courses without paying tuition, if they had limits on waivers, and what documents they used. We also asked for their comments on the impact of waivers. The results of the survey are summarized in Exhibit D below for peer universities that responded.

<i>Exhibit D</i>						
SURVEY OF PEER UNIVERSITIES						
University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	Waiver Limit	Instruction Cost Covered by Tuition	Documents Used
Kansas State University	No	No	Not applicable	No	35%	<ul style="list-style-type: none"> • Eligibility requirements • Decision memoranda • 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	3% of budget, includes graduate students	22%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria

SOURCE: OAG survey of peer universities.

One peer university also provided a comment:

- **OKLAHOMA STATE UNIVERSITY**

“Waivers at OSU are primarily earned rather than simply being awarded. Students who do not get them essentially are not qualified. We have not reached the point where we discount tuition to everyone.”

F. UNIVERSITY’S COMMENTS ON IMPACT OF WAIVERS

We invited SIU to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. Following is Southern Illinois University’s response for both of its campuses:

“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. This suggests that the dollar costs for the students paying tuition would remain approximately the same if there were no waivers and the diversity of the student body would be reduced.

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.

For the tuition paying student the dollar cost would increase if tuition waivers were not available to support instructional and research costs. Currently, tuition waivers allow the university to attract quality teaching assistants and research assistants who enhance instructional programs. To attract a similar number of qualified teachers and researchers would be more costly than the tuition waivers.

Our only other comment is related to reporting. We applaud efforts to clarify waiver categories and reporting time periods. It is clear that institutions are not reporting waiver information consistently.”

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main audit report:

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

H. UNIVERSITY'S RESPONSE TO THE AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from Southern Illinois University is reproduced on the following pages.



Southern Illinois University

RECEIVED
AUDITOR GENERAL
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'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

SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
SOUTHERN ILLINOIS UNIVERSITY - EDWARDSVILLE

This Supplement to the Management Audit of Tuition and Fee Waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and other related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

Southern Illinois University – Edwardsville (SIU-E) reported having 11,047 full-time and part-time students in fall 1995. SIU-E awarded 2,986 tuition waivers to 2,903 students. Of these, 742 waivers were for undergraduates and 2,244 were for graduate students. The value of tuition waivers was \$3,190,626 and fees waivers was \$68,946. The total tuition revenue at SIU-E was \$19,056,200 (see Exhibit A).

Each year universities report the number and amount of waivers to the Illinois Board of Higher Education (IBHE). SIU-E's fiscal year 1996 data submitted to the Office of the Auditor General (OAG) contained discrepancies noted below:

- SIU-E reported 2,947 waivers worth \$3,143,892 to the IBHE for fiscal year 1996. SIU-E reported 2,986 waivers worth \$3,190,626 to the OAG. University officials stated that fiscal year 1996 waivers were reported to the IBHE for summer 1995, fall 1995, and spring 1996. The OAG requested tuition waivers for fall 1995, spring 1996, and summer 1996. University officials stated this timing difference caused the disparity in the totals.

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students*	6,769
Part-Time Students*	4,278
Graduate Students*	2,607 ¹
Undergraduate Students*	8,440
Graduate	
• Tuition Waivers	2,244
• Amount	\$2,396,785
Undergraduate	
• Tuition Waivers	742
• Amount	\$793,841
Tuition Revenue (excluding tuition waivers)	\$19,056,200
Financial Aid (including tuition waivers)	\$37,893,071
* Fall 1995 only.	
¹ Graduate total includes 200 professional students.	
SOURCE: OAG analysis of IBHE and university data.	

- SIU-E's data submitted to the OAG for individual waiver programs did not always agree with their submissions to the IBHE. Some examples are shown below:

Undergraduate Waiver Program	Reported to OAG	Reported to IBHE	Difference
Academic	\$137,279	\$0	\$137,279
Out of State	\$159,275	\$294,900	(\$135,625)
Graduate Waiver Program	Reported to OAG	Reported to IBHE	Difference
Foreign Students	\$487,985	\$310,000	\$177,985
Graduate Assistantship	\$605,203	\$732,700	(\$127,497)
Graduate Federal Program	\$102,817	\$176,100	(\$73,283)
Out of State	\$436,073	\$390,800	\$45,273

- SIU-E began phasing out waivers to students from Missouri in spring 1996. There were 114 such students who did not have advance notice of the policy change and were given a grant for the difference between the in-state and out-of-state summer tuition rate. SIU-E also double counted out-of-state recipients in its submission to the OAG.

Exhibit B on the next page shows the waivers for fiscal years 1994 through 1996.

**Exhibit B
WAIVERS BY PROGRAM**

UNDERGRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	114	\$139,200	0	99	\$136,200	0	104	\$137,279	0
Athletic	101	139,100	0	103	137,200	0	113	164,390	\$17,204
Children of Employees	76	57,900	0	85	60,900	0	106	82,012	0
Cooperating Teachers	4	2,300	0	7	3,000	\$ 200	7	2,385	240
Dependents of Staff	4	6,900	0	4	5,400	0	2	3,531	0
Faculty/Administrators	27	11,300	0	42	23,500	0	28	23,179	0
Foreign Students	0	0	0	13	45,800	0	0	0	0
General Assembly	32	40,200	\$ 1,900	33	47,900	2,300	29	43,991	1,983
Graduate Assistant	0	0	0	0	0	0	1	1,842	0
Graduate Federal Program	0	0	0	0	0	0	1	2,379	0
Other	17	28,500	3,700	4	0	2,000	5	247	1,062
Out of State	273	267,000	0	147	287,300	0	165	159,275	0
ROTC	60	67,200	2,900	62	86,200	3,900	67	68,230	2,788
Senior Citizens	1	700	0	1	900	0	1	768	0
Special Education	34	47,900	2,500	29	56,100	2,700	28	55,874	2,683
Support Staff (Civil Service)	76	38,300	4,800	76	40,400	5,000	81	43,394	5,086
Wards of DCFS	2	600	200	1	500	200	4	5,066	1,502
Undergraduate Sub-Total	821	\$847,100	\$16,000	706	\$931,300	\$16,300	742	\$793,842	\$32,548

GRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	2	\$ 2,100	0	0	0	0	2	\$ 1,859	0
Athletic	1	900	0	0	0	0	0	0	0
Contract Training	0	0	0	0	0	0	355	121,911	0
Cooperating Teachers	834	324,200	\$27,500	866	\$ 378,200	\$27,900	896	404,624	\$31,553
Dependents of Staff	0	0	0	1	500	0	1	987	0
Faculty/Administrators	50	34,400	0	54	46,200	0	42	32,970	0
Foreign Students	134	279,000	0	109	343,700	15,100	106	487,985	0
General Assembly	8	10,300	300	8	11,000	500	9	9,403	278
General Practice	4	27,000	0	8	43,000	0	7	18,200	0
Graduate Assistantships	362	738,500	55,200	289	735,400	39,900	285	605,203	0
Graduate Federal Program	170	65,900	6,200	0	0	0	47	102,817	0
Need based Waivers	16	35,900	0	16	36,000	0	16	41,600	0
Other	17	33,400	0	11	13,200	0	19	27,332	0
Other Talent	19	53,600	2,900	17	49,900	2,500	22	73,285	0
Out-of State	425	454,400	0	277	468,000	0	395	436,073	0
ROTC	2	2,100	100	0	0	0	1	987	42
Senior Citizen	0	0	0	1	1,000	0	1	987	0
Special Education	14	8,900	800	9	7,500	600	9	7,880	548
Support Staff (Civil Service)	27	15,500	2,700	32	21,200	3,300	31	22,684	3,976
Graduate Sub-Total	2,085	\$2,086,100	\$95,700	1,698	\$2,154,800	\$89,800	2,244	\$2,396,787	\$36,398
TOTAL	2,906	\$2,933,200	\$111,700	2,404	\$3,086,100	\$106,100	2,986	\$3,190,626	\$68,946

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

SOURCE: University data provided to IBHE (fiscal years 1994 and 1995) and Office of the Auditor General (fiscal year 1996).

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decision processes, internal evaluations, and reporting systems. The audit examined SIU-E's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems. SIU-E had some written tuition waiver policies but university-wide policies generally did not address the following:

- Process for determining the total waivers to be awarded by the university.
- Process for allocating waivers to units within the university.
- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting on waivers.
- System for monitoring waiver programs.
- Cut-off date for accepting waivers.
- 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.

Internal audits or other reviews of tuition waivers were not performed during fiscal years 1994-96.

AWARD PROCESS

University officials said SIU-E identified the total dollar amount available for tuition waivers. The allocation of undergraduate institutional waivers is set by the Provost, who also maintains allocation records. Applications are standard for most institutional waivers, according to SIU. They also noted the following:

- Eligibility and selection criteria, decision documents, and applications are maintained at the department/college level.
- Information for authorization and disbursement is generally kept by the Student Financial Aid office.
- Waiver records are kept at the following offices: planning and budget, provost, departments, colleges, student records system, student financial aid, and accounting.

DATA ENTRY CONTROLS

SIU-E did not have formal written procedures regarding entry of tuition waivers into the computer system. However, an account technician has developed her own written procedures for entering tuition waiver data. There was no supervisory review of waivers entered into the computer, and the authorizing department was not sent a list of recipients for verification.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled 147 tuition waivers at SIU-E from fiscal year 1996 to review the university's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of documents missing is calculated based on applicable documents (applicable documents are discussed in the section "Waivers Sampled" of Chapter 4).

Statutory Waivers

- 11 of 38 waivers (29%) did not have written application forms or application letters.
- 1 of 54 waivers (2%) did not satisfy all eligibility and selection criteria.
- All applicable waivers had documentation of the decision to award the waiver.

Institutional Waivers

- 7 of 25 waivers (28%) did not have written application forms or application letters.
- 8 of 86 waivers (9%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- All applicable waivers contained documentation of the decision to award the waiver.
- 1 of 17 waivers (6%) did not have a written contract.

SIU-E did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed the university's compliance with these laws, primarily for individuals in our sample. All waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted in this section, as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

❶ **CHILDREN OF EMPLOYEES.** Twenty-two individuals in our random sample at SIU-E received this waiver in fiscal year 1996. SIU-E documented that all recipients sampled met statutory requirements. One recipient had a cumulative GPA of 4.0 during the last semester of fiscal year

1996, and two recipients had cumulative GPA's of 2.0 or less. Two additional recipients included in this category by the university were misclassified; one received a Dependent of Deceased Staff waiver and one received an Out-of-State waiver. Both recipients met the criteria for their programs.

④ **RESERVE OFFICER'S TRAINING CORPS.** SIU-E exceeded the limit of ten ROTC recipients during fiscal year 1996 because it had 68 recipients. Fifteen recipients in our random sample at SIU-E received this waiver in fiscal year 1996. The sample also indicated that one recipient did not meet the scholastic requirement of maintaining a 2.0 cumulative GPA.

⑤ **SENIOR CITIZENS.** One recipient in our random sample at SIU-E received this waiver in fiscal year 1996, and the recipient met all statutory requirements.

⑥ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** SIU-E awarded five Sports Equity waivers worth \$9,210 in fiscal year 1996.

⑦ **TALENT WAIVERS.** IBHE reported that the university did not exceed the three percent limit on undergraduate waivers for fiscal year 1996. For details about these waivers, see the section below titled "Institutional Waivers."

⑧ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** Seven recipients in our random sample at SIU-E received this waiver in fiscal year 1996. For these recipients, SIU-E had the certificate from the Illinois Student Assistance Commission authorizing the award. One recipient had a cumulative GPA that was higher than 3.75 during the last semester of fiscal year 1996.

⑨ **GENERAL ASSEMBLY.** Eight individuals in our random sample at SIU-E received this waiver in fiscal year 1996. For these recipients, SIU-E had the legislators' nomination form authorizing the waiver and the recipients also lived in the awarding legislators' districts. One recipient had a cumulative GPA of 4.0 while two recipients had a cumulative GPA of 2.0 or less at the end of fiscal year 1996.

⑩ **WARDS OF DCFS.** One recipient in our random sample at SIU-E received this waiver in fiscal year 1996. SIU-E had the letter from the Department of Children and Family Services authorizing the waiver.

INSTITUTIONAL WAIVERS

During fieldwork, we tested 93 institutional waivers at SIU-E to determine if they had applications, eligibility and selection criteria, decision documents, and contracts when applicable. The results of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may have been different). The "Observations" column includes grade point averages of 3.75 or above, or 2.0 or below; graduate students whose GPA were below 3.00 are also reported.

<i>Exhibit C</i>				
INSTITUTIONAL WAIVER PROGRAMS				
ACADEMIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Academic				<ul style="list-style-type: none"> Formal written criteria for this waiver was not provided.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
10-053	\$1,842.00	Yes	• No application	
10-054	\$1,842.00	Yes	• No application	Cumulative GPA: 4.0
10-055	\$1,842.00	Yes	• No application	
10-056	\$921.00	No	• No application	
ATHLETIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Athletic				<ul style="list-style-type: none"> N/A (Athletes selected by coaches).
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
11-049	\$926.25	Yes		Student withdrew from three classes and received 2 D's.
11-050	\$921.00	Yes		
11-051	\$1,139.35	Yes		
11-052	\$921.00	Yes		
COOPERATING TEACHERS				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Cooperating Teachers Coop Teach/Nurse/Social Work				<ul style="list-style-type: none"> Used within 3 calendar years. Graduate student status.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
12-019	\$281.55	Yes		Cumulative GPA: 4.0
12-020	\$246.75	Yes		No waiver voucher exists because this student did not receive a Cooperating Teachers waiver as categorized by SIU-E. All documentation was provided, however, to verify the student's eligibility for the Best Program waiver. Cumulative GPA: 4.0
12-021	\$563.10	Yes		Cumulative GPA: 3.88
12-022	\$273.55	Yes		Cumulative GPA: 4.0
12-023	\$1,335.65	Yes		Cumulative GPA: 4.0
12-024	\$1,013.80	Yes		Cumulative GPA: 4.0
12-025	\$772.55	Yes		
12-026	\$525.80	Yes		Student received 1 D.
12-027	\$246.75	Yes		Cumulative GPA: 3.88
12-028	\$493.50	Yes		Cumulative GPA: 3.94
12-029	\$563.10	Yes		Cumulative GPA: 4.0
12-030	\$273.55	Yes		Student received 1 F.
12-031	\$555.10	Yes		Cumulative GPA: 4.0
12-032	\$265.05	Yes		Student was not a graduate student at time waiver was used. Exception letter in file.
12-033	\$281.55	Yes		Cumulative GPA: 4.0
12-034	\$493.50	Yes		

12-035	\$807.35	Yes		
12-036	\$273.55	Yes		
12-037	\$273.55	Yes		Cumulative GPA: 4.0
12-038	\$273.55	Yes		Cumulative GPA: 3.8
12-039	\$281.55	Yes		Cumulative GPA: 4.0
12-040	\$281.55	Yes		Cumulative GPA: 3.94
12-041	\$815.35	Yes		Cumulative GPA: 4.0
12-042	\$520.30	Yes		Cumulative GPA: 4.0
12-043	\$246.75	Yes		Waiver procedures were not adhered to by having the original recipient complete the reverse side of the voucher. SIU-E noted that the waiver was accepted since the secondary recipient's name was placed on the front of the voucher. Cumulative GPA: 4.0
12-044	\$1,019.30	Yes		Cumulative GPA: 3.89
12-045	\$273.55	Yes		Support for waiver procedure of having the original recipient complete the reverse side of the voucher was not provided. SIU-E noted that the waiver was accepted since the secondary recipient's name was placed on the front of the voucher. Cumulative GPA: 4.0
12-046	\$1,342.95	Yes		Cumulative GPA: 4.0
12-047	\$246.75	No		Cumulative GPA: 4.0
12-048	\$563.10	Yes		
DEPENDENTS OF STAFF				
<i>University waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Dependents of Staff Dependents of Deceased Staff			<ul style="list-style-type: none"> • Dependent of deceased employee. • Under age 22 or enrolled at time of parent's death. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
13-018	\$1,688.50	Yes		Student was not 22 or enrolled at time of parent's death, but still issued a waiver. Exception letter in file.
FACULTY/ADMINISTRATORS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Faculty/Administrators Faculty/Staff			<ul style="list-style-type: none"> • University employee 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
14-012	\$493.50	Yes		Cumulative GPA: 3.92
14-013	\$246.75	Yes		
14-014	\$230.25	No		Cumulative GPA: 0.00. Student enrolled in one course which was failed.
FOREIGN STUDENTS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Foreign Students Graduate Foreign STD			<ul style="list-style-type: none"> • SIU-E utilizes this program to award non-Illinois resident graduate assistants a waiver for the increased out-of-state tuition rate not covered by the assistantship. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing records</i>	<i>Observations</i>
15-058	\$6,662.25	No		

15-059	\$4,441.50	No		Student withdrew from 1 class and received 1 F.
15-060	\$5,181.75	No		Student withdrew from 2 classes.
GRADUATE ASSISTANTS				
University Waiver Program			Eligibility and Selection Criteria	
Graduate Assistantship			<ul style="list-style-type: none"> Graduate student or undergraduate with noted exception. Admitted to a Graduate degree program. Degree program related to academic interests. Low GPAs and incompletes monitored. 12 hour maximum/6 hour minimum of classes per semester. 	
OAG #	Total Waiver	IL Res	Missing records	Observations
16-003	\$740.25	Yes		Cumulative GPA: 4.0
16-004	\$1,727.25	Yes	• No application	Cumulative GPA: 3.87
16-005	\$1,480.50	Yes		Cumulative GPA: 3.83
16-006	\$1,974.00	Yes		Cumulative GPA: 4.0
16-007	\$246.75	Yes		Cumulative GPA: 4.0
16-008	\$1,727.25	Yes		Cumulative GPA: 3.79
16-009	\$4,441.50	Yes		Cumulative GPA: 4.0
16-010	\$246.75	No		Cumulative GPA: 3.88
16-011	\$1,974.00	Yes		Cumulative GPA: 3.75
GRADUATE FEDERAL PROGRAMS				
University Waiver Program			Eligibility and Selection Criteria	
Graduate Federal Program			<ul style="list-style-type: none"> None provided. 	
OAG #	Total Waiver	IL Res	Missing records	Observations
17-001	\$1,809.50	Yes		
17-002	\$822.50	Yes		Cumulative GPA: 3.88
OTHER				
University Waiver Program			Eligibility and Selection Criteria	
Other Contract Training General Practice Residents Graduate Minority Med Tech Need-Based Waivers			<ul style="list-style-type: none"> Criteria varies by program. 	
OAG #	Total Waiver	IL Res	Missing records	Observations
18-080	\$740.25	Yes		Cumulative GPA: 4.0
18-081	\$246.75	Yes		Cumulative GPA: 4.0
18-082	\$246.75	Yes		Cumulative GPA: 4.0
18-083	\$246.75	Yes		Cumulative GPA: 4.0
18-084	\$987.00	Yes		Cumulative GPA: 3.80
18-085	\$493.50	Yes		
18-086	\$493.50	Yes		Cumulative GPA: 4.0
18-087	\$246.75	Yes		Cumulative GPA: 4.0
18-088	\$246.75	Yes		Cumulative GPA: 4.0
18-089	\$246.75	Yes		Cumulative GPA: 3.89
18-090	\$740.25	No		Cumulative GPA: 2.0

18-091	\$164.50	No		
18-092	\$2,600	Yes	<ul style="list-style-type: none"> No application No written criteria 	
18-093	\$2,600	Yes	<ul style="list-style-type: none"> No application No contract 	
OTHER TALENT				
University Waiver Program			Eligibility and Selection Criteria	
Other Talent			<ul style="list-style-type: none"> Waiver covers a minimum of 6 credit hours to a maximum of 15 credit hours per semester. Students must maintain a minimum 3.0 GPA. 	
Competitive Grad - Other				
OAG #	Total Waiver	IL Res	Missing records	Observations
19-057	\$5,922	No		
OUT-OF-STATE				
University Waiver Program			Eligibility and Selection Criteria	
Out-of-State			<ul style="list-style-type: none"> Verification of Missouri residency. 	
OAG #	Total Waiver	IL Res	Missing records	Observations
20-061	\$1,974.00	No		
20-062	\$987.00	No		Cumulative GPA: 3.93
20-063	\$1,480.50	No		
20-064	\$493.50	No		Cumulative GPA: 3.94
20-065	\$460.50	No		Cumulative GPA: 2.0
20-066	\$921.00	No		
20-067	\$460.50	No		Cumulative GPA: 4.0
20-068	\$921.00	No		Cumulative GPA: 4.0
20-069	\$1,228.00	No		
20-070	\$658.00	No		
20-071	\$493.50	No		Cumulative GPA: 4.0
20-072	\$1,809.50	No		
20-073	\$460.50	No		
20-074	\$1,074.50	No		
20-075	\$987.00	No		
20-076	\$493.50	No		
20-077	\$987.00	No		Student received 2 F's and a cumulative GPA of 0.0.
20-078	\$921.00	No		Student received 1 D.
20-079	\$921.00	No		
SUPPORT STAFF (CIVIL SERVICE)				
University Waiver Program			Eligibility and Selection Criteria	
Support Staff (Civil Service)			<ul style="list-style-type: none"> Complete tuition waiver request form. 	
Inter-Institutional				
OAG #	Total Waiver	IL Res	Missing records	Observations
22-015	\$747.86	Yes		Student withdrew from only class taken in fall 1995 session.
22-016	\$816.85	Yes		
22-017	\$264.85	Yes		
* GPA is the student's cumulative GPA at the end of the last semester within the audit period.				

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/ grants, loans, and employment. SIU-E reported in the IBHE *Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	7,640	\$21,908,980
• State programs (e.g., Monetary Award Program, National Guard Grants)	4,066	\$ 8,276,514
• Institutional programs (e.g., Tuition Waivers)	5,359	\$ 7,228,751
• Other sources of funds (e.g., Scholarship, Grants, and Fellowships)	<u>421</u>	<u>\$ 478,826</u>
TOTAL	17,486	\$37,893,071

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities so we could send a survey questionnaire to these peer universities that were not Illinois public universities already subject to this audit. We asked if peer universities had written tuition waiver policies, if their employees could take courses without paying tuition, if they had limits on waivers, and what documents they used. We also asked for their comments on the impact of waivers. The results of the survey are summarized in Exhibit D below for peer universities that responded.

<i>Exhibit D</i> SURVEY OF PEER UNIVERSITIES						
<i>University</i>	<i>Written Policy</i>	<i>Institutional Waivers</i>	<i>Employees Who Receive Tuition Waivers</i>	<i>Waiver Limit</i>	<i>Instruction Cost Covered by Tuition</i>	<i>Documents Used</i>
California State University - Hayward	No	No	<ul style="list-style-type: none"> • Administrators and faculty • Civil service support staff • Faculty dependents only 	Yes - Only on waiver of non-resident fees for foreign & non-resident students	29%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Computerized application process records
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 • Employee dependents 	No	49%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria
Youngstown State University	Yes	Yes	<ul style="list-style-type: none"> • Administrators and faculty • Civil service support staff • Employees' dependents 	Tuition cannot be waived because of provision of the Ohio Revised Code	42%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Accounting records

SOURCE: OAG survey of peer universities

F. UNIVERSITY'S COMMENTS ON IMPACT OF WAIVERS

We invited SIU to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. Following is Southern Illinois University's response for both of its campuses:

"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. This suggests that the dollar costs for the students paying tuition would remain approximately the same if there were no waivers and the diversity of the student body would be reduced.

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.

For the tuition paying student the dollar cost would increase if tuition waivers were not available to support instructional and research costs. Currently, tuition waivers allow the university to attract quality teaching assistants and research assistants who enhance instructional programs. To attract a similar number of qualified teachers and researchers would be more costly than the tuition waivers.

Our only other comment is related to reporting. We applaud efforts to clarify waiver categories and reporting time periods. It is clear that institutions are not reporting waiver information consistently."

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main report:

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.

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

H. UNIVERSITY'S RESPONSE TO THE AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from Southern Illinois University is reproduced on the following pages.



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

SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
UNIVERSITY OF ILLINOIS AT CHICAGO

This Supplement to the Management Audit of Tuition and Fee Waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and other related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

In fiscal year 1996, University of Illinois at Chicago (UIC) reported having 24,870 full-time and part-time students in fall 1995. UIC awarded 4,802 tuition waivers to 4,802 students. Of these, 1,023 waivers were for undergraduates and 3,779 were for graduate students. The value of tuition waivers was \$21,776,545 and fees waived was \$1,795,800. The total tuition revenue at UIC was \$64,411,200 (see Exhibit A).

Each year universities report the number and amount of waivers to the Illinois Board of Higher Education (IBHE). UIC's fiscal year 1996 data submitted to the Office of the Auditor General (OAG) contained discrepancies noted below:

- UIC reported 4,805 waivers worth \$21,623,400 to the IBHE for fiscal year 1996 and 4,802 waivers worth \$21,776,545 to the OAG; this equals a difference of \$153,145 more reported to the OAG. UIC officials stated the difference was the result of an error in the IBHE report for undergraduate "Institutional Waivers." UIC reported \$281,700 to IBHE when the correct amount should have been \$484,400. Correction of this error brings the difference to \$49,555. UIC considered the remaining difference to be the result of payment adjustments made since the report was originally submitted to the IBHE.

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students*	18,748
Part-Time Students*	6,122
Graduate Students*	8,716 ¹
Undergraduate Students*	16,154
Graduate	
• Tuition Waivers	3,779
• Amount	\$19,771,212
Undergraduate	
• Tuition Waivers	1,023
• Amount	\$2,005,333
Tuition Revenue (excluding tuition waivers)	\$64,411,200
Financial Aid (including tuition waivers)	\$160,339,654
* Fall 1995 only.	
¹ Graduate total contains 2,286 professional students.	
SOURCE: OAG analysis of IBHE and university data.	

- UIC's data submitted to the OAG for individual waiver programs did not always agree with their data submitted to the IBHE. Some examples are shown below:

Undergraduate Waiver Program	Reported to OAG	Reported to IBHE	Difference
Academic	\$483,030	\$281,700	\$201,330
Graduate Waiver Program	Reported to OAG	Reported to IBHE	Difference
Graduate College	\$1,908,823	\$1,940,700	(\$31,877)

- UIC was unable to separate fees waived from tuition waived in its data submitted to the OAG but indicated that the fees reported to IBHE were accurate. We were able to subtract fees from the aggregate data for each tuition waiver program but did not have the specific data to subtract fees for each individual recipient.

Exhibit B on the next page shows the waivers for fiscal years 1994 through 1996.

**Exhibit B
WAIVERS BY PROGRAM**

UNDERGRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees*
Academic	301	\$ 512,000		217	\$ 397,600	0	231	\$ 483,030	0
Athletic	111	238,500		123	478,300	0	191	512,068	0
Children of Employees	124	133,500		115	129,300	0	104	128,038	0
Cooperating Teachers	42	10,500		51	19,500	0	3	3,073	0
Exchange Program	3	14,600		16	59,400	\$5,600	9	38,520	\$ 3,500
Faculty/Administrators	27	28,800		33	40,900	22,900	23	19,144	17,500
General Assembly	123	257,000		116	265,300	0	112	270,803	0
Graduate Assistantships	37	101,800		27	55,300	9,400	13	30,735	0
Other	0	0		69	164,700	0	0	0	0
ROTC	33	60,100		63	116,400	0	60	134,477	0
Special Education	2	4,900		1	2,700	0	1	2,756	0
Support Staff (Civil Service)	164	263,100		163	160,200	113,100	176	167,154	126,300
University Waivers	44	87,400		0	0	0	84	174,527	0
Veterans' Children	9	22,500		6	14,400	0	9	23,572	0
Wards of DCFS	7	17,600		6	16,000	4,900	7	17,436	6,100
Undergraduate Sub-Total	1,027	\$1,752,300	*	1,006	\$1,920,000	\$155,900	1,023	\$2,005,333	\$153,400

GRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees*	Number	Tuition	Fees	Number	Tuition	Fees
Athletic	0	0		0	0	0	3	\$ 7,110	0
Cooperating Teachers	51	\$ 74,200		67	\$ 99,100	0	48	64,683	0
Exchange Program	0	0		4	16,200	\$1,400	8	31,196	\$ 3,100
Faculty/Administrators	426	1,188,300		453	1,063,500	314,400	430	1,043,293	313,200
General Assembly	66	334,600		74	462,100	0	59	458,095	0
Graduate Assistantships	2,645	15,187,700		2,627	15,330,900	914,200	2,526	15,901,649	990,600
Graduate College Waivers	0	0		521	2,024,600	181,300	502	1,908,823	199,700
Other Talent	526	2,249,000		0	0	0	0	0	0
ROTC	0	0		2	4,800	0	1	3,300	0
Special Education	6	14,500		7	11,200	0	4	9,075	0
Support Staff (Civil Service)	165	295,300		182	223,100	126,300	183	224,934	135,800
University Waivers	13	154,000		0	0	0	0	0	0
Veterans' Children	2	9,300		7	52,800	0	15	119,054	0
Wards of DCFS	0	0		1	3,500	1,200	0	0	0
Graduate Sub-Total	3,900	\$19,506,900	*	3,945	\$19,291,800	\$1,538,800	3,779	\$19,771,212	\$1,642,400
TOTAL	4,927	\$21,259,200	*	4,951	\$21,211,800	\$1,694,700	4,802	\$21,776,545	\$1,795,800

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

*University officials did not separate tuition and fees waived in information reported to the IBHE in fiscal year 1994.

SOURCE: University data provided to IBHE (fiscal years 1994 and 1995) and Office of the Auditor General (fiscal year 1996).

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decision processes, internal evaluations, and reporting systems. The audit examined UIC's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems. UIC had some written tuition waiver policies but university-wide policies generally did not address the following:

- Process for determining the total waivers to be awarded by the university.
- Process for allocating waivers to units within the university.
- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting on waivers.
- System for monitoring waiver programs.
- Cut-off date for accepting waivers.
- 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.

No internal audits of tuition waivers were performed during fiscal years 1994-96. However, UIC did conduct an evaluation of the outcomes of tuition waivers. UIC collected data on the academic progress of undergraduate tuition waiver recipients.

AWARD PROCESS

University officials said that a maximum of three percent of undergraduate tuition revenue may be used to fund undergraduate tuition waivers. For the 1995-96 academic year, that totaled \$1,262,248 at UIC. At a base tuition rate of \$2,756, approximately 458 full-year tuition waivers were available for 1995-96.

The Graduate College oversees two types of waivers – Graduate College waivers and assistantships. The Graduate College waivers do not include a work requirement, unlike graduate assistantships. Officials said tuition and fee waivers are provided to academic, administrative, and support staff according to the policy outlined in the General Rules Concerning University Organization and Procedures.

Officials said Graduate College waivers are distributed based on the number of full-time students enrolled in a program. Assistantships are based on research and instructional needs. The amount of dollars, not the number of waivers, determines the undergraduate allocation.

Each undergraduate waiver has a different procedure for application. The Graduate College has applications for graduate appointments.

University officials said that UIC did not award any tuition waivers in lieu of compensation.

DATA ENTRY CONTROLS

In fiscal year 1996, UIC 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 and by the supervisor. The authorizing department was sent a list of recipients for verification.

We also reviewed UIC's control environment and activities over tuition waivers. The results of this review were as follows:

- A report was prepared after each payroll interface to identify any terminated UIC employees receiving staff waivers.
- A computer report was prepared at least once a semester to determine if multiple or duplicate waivers existed.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled 153 tuition waivers at UIC from fiscal year 1996 to review the university's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of documents missing is calculated based on applicable documents (applicable documents are discussed in the section "Waiver Sampled" of Chapter 4).

Statutory Waivers

- 9 of 29 waivers (31%) did not have written application forms or application letters.
- 2 of 58 waivers (3%) did not satisfy all eligibility and selection criteria.
- All sampled waivers contained documentation of the decision to award the waiver.

Institutional Waivers

- 54 of 71 waivers (76%) did not have written application forms or application letters.
- 65 of 90 waivers (72%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- All waivers had applicable documentation of the decision to award the waiver.

UIC did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed UIC's compliance with these laws, primarily for individuals in our sample. All waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted in this section, as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

☆ **CHILDREN OF EMPLOYEES.** Seventeen individuals in our random sample at UIC received this waiver in fiscal year 1996, and they met statutory requirements. The sample also indicated two recipients did not maintain a 2.0 cumulative GPA and two recipients had a cumulative GPA of 3.75 or higher during the last semester of fiscal year 1996.

⌚ **RESERVE OFFICER'S TRAINING CORPS.** UIC exceeded the limit of ten ROTC recipients during fiscal year 1996 because it had 61 recipients. UIC's reasons were based on interpretation of the statute. Nine recipients in our random sample at UIC received this waiver in fiscal year 1996. For these individuals UIC had records documenting waiver approval and Illinois residency.

⌚ **SENIOR CITIZENS.** UIC did not report any Senior Citizen waivers in fiscal year 1996.

⌚ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** UIC did not issue Sports Equity waivers in fiscal year 1996.

⌚ **TALENT WAIVERS.** IBHE reported that the university did not exceed the three percent limit on undergraduate waivers for fiscal year 1996. For details about these waivers, see the section below titled "Institutional Waivers."

⌚ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** One recipient in our random sample at UIC received this waiver in fiscal year 1996. For this individual, UIC had the required certificate from the Illinois Student Assistance Commission authorizing the waiver.

⌚ **GENERAL ASSEMBLY.** Twenty-seven recipients in our random sample at UIC received this waiver in fiscal year 1996, five of which were used in the School of Medicine. The sample indicated the following:

- Two recipients had addresses outside the awarding legislators' district.
- Five recipients had a cumulative GPA of 3.75 or higher at the end of fiscal year 1996 while two recipients had a cumulative GPA of 2.0 or less at the end of fiscal year 1996.

⌚ **WARDS OF DCFS.** One recipient in our random sample at UIC received this waiver in fiscal year 1996. For this individual, UIC had the letter from the Department of Children and Family Services authorizing the waiver.

☉ **CHILDREN OF VETERANS.** Three recipients in our random sample at UIC received this waiver in fiscal year 1996; UIC had documentation showing that statutory requirements were met.

INSTITUTIONAL WAIVERS

During fieldwork, we tested 95 institutional waivers at UIC to determine if they had applications, eligibility and selection criteria, decision documents, and contracts when applicable. The results of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may have been different). The “Observations” column includes grade point averages if they were 3.75 and above or 2.00 and below; graduate students whose GPA were below 3.00 are also reported.

<i>Exhibit C</i>				
INSTITUTIONAL WAIVER PROGRAMS				
ACADEMIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
AAAN Tuition Waiver AAUP Tuition Waiver Honors TW Honors College Waiver LARES Tuition Waiver Talented High School Waiver				<ul style="list-style-type: none"> Written criteria for these waivers was not provided.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
10-079	\$2,756.00	Yes		Student withdrew from 1 class.
10-080	\$1,378.00	Yes	<ul style="list-style-type: none"> No portfolio review 	UIC officials said portfolio was not applicable for this curriculum. However, waiver documentation reflects student’s major required a review of the portfolio.
10-081	\$2,756.00	Yes		
10-082	\$2,756.00	Yes		
ATHLETIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Athletic Tuition Waiver Athletic Tuition Waiver (Out-of-State)				<ul style="list-style-type: none"> N/A (Athletes selected by coaches)
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
11-074	\$1,378.00	Yes		Cumulative GPA: 1.94 Student received 1 D, 2 F’s.
11-075	\$1,378.00	Yes		
11-076	\$2,756.00	Yes		Cumulative GPA: 1.98 Student received 2 D’s, 1 F.
11-077	\$3,944.00	No		
11-078	\$3,944.00	No		Student received 2 D’s.
COOPERATING TEACHERS				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
CO-OP Teacher Psych/Soc Intern				<ul style="list-style-type: none"> Used within 1calendar year. Meet University requirements.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
12-073	\$979.00	Yes		Cumulative GPA: 4.00

FACULTY/ADMINISTRATORS				
University Waiver Program				Eligibility and Selection Criteria
Academic Staff Waiver				<ul style="list-style-type: none"> Employment status as identified from a monthly payroll interface.
OAG #	Total Waiver	IL Res	Missing Records	Observations
14-056	\$3,916.00	Yes		Cumulative GPA: 4.00
14-057	\$7,702.00	No		
14-058	\$1,836.00	Yes		Cumulative GPA: 4.00
14-059	\$6,806.00	Yes		
14-060	\$3,543.00	Yes		Cumulative GPA: 3.97
14-061	\$840.00	Yes		Cumulative GPA: 3.97
14-062	\$918.00	Yes		Cumulative GPA: 2.00
14-063	\$17,930.00	Yes		
14-064	\$643.00	Yes		
14-065	\$918.00	Yes		
GRADUATE ASSISTANTS				
University Waiver Program				Eligibility and Selection Criteria
Graduate Tuition and Fee Waiver (Assistantship)				<ul style="list-style-type: none"> Each program possesses its own individual selection criteria. General criteria includes an appointment between 25 and 67 percent for at least three-quarters of the term.
NOTE: Unlike most other universities, UIC usually provided program specific criteria with available supporting documentation for this program.				
OAG #	Total Waiver	IL Res	Missing Records	Observations
16-001	\$5,145.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-002	\$11,856.00	Yes	<ul style="list-style-type: none"> No application <i>Per Dept. Criteria provided:</i> No GRE scores 	Cumulative GPA: 4.00
16-003	\$8,153.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	Cumulative GPA: 3.77
16-004	\$1,683.00	Yes	<ul style="list-style-type: none"> No application <i>Per Dept. Criteria provided:</i> No verification of interview, resume, or cover letter 	Cumulative GPA: 3.78
16-005	\$12,165.00	Yes	<ul style="list-style-type: none"> No application No verification of lab experience or interview 	Officials said this student's waiver should have been coded in the "Other Waiver" category. He received a University fellowship/tuition waiver, for which no service is required.
16-006	\$9,836.00	No	<ul style="list-style-type: none"> <i>Per Dept. criteria provided:</i> No verification of interview 	Cumulative GPA: 3.85. Student withdrew from 1 class.
16-007	\$4,853.00	Yes	<ul style="list-style-type: none"> No department-specific criteria 	Cumulative GPA: 4.00
16-008	\$4,853.00	Yes	<ul style="list-style-type: none"> <i>Per Dept. criteria provided:</i> No letters of recommendation 	Cumulative GPA: 3.92
16-009	\$3,140.00	Yes	<ul style="list-style-type: none"> No department-specific criteria provided 	Cumulative GPA: 4.00
16-010	\$8,283.00	Yes	<ul style="list-style-type: none"> No department-specific criteria 	
16-011	\$9,706.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-012	\$5,053.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	

16-013	\$4,853.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-014	\$1,295.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-015	\$13,213.00	Yes	<ul style="list-style-type: none"> No department-specific criteria 	
16-016	\$1,295.00	Yes	<ul style="list-style-type: none"> No application <i>Per Dept. criteria provided:</i> No verification that core courses were taken 	Cumulative GPA: 3.88
16-017	\$1,845.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-018	\$2,590.00	Yes	<ul style="list-style-type: none"> No application <i>Per Dept. criteria provided:</i> No documentation of resume, interview, or reference check 	Cumulative GPA: 4.00
16-019	\$5,992.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-020	\$12,155.00	No	<ul style="list-style-type: none"> <i>Per Dept. criteria provided:</i> No verification of student's commitment to tutoring 	
16-021	\$1,295.00	Yes	<ul style="list-style-type: none"> No application <i>Per Dept. criteria provided:</i> No documentation of interview with instructor No letters of recommendation 	Cumulative GPA: 4.00
16-022	\$12,165.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-023	\$4,665.00	Yes	<ul style="list-style-type: none"> No application <i>Per Dept. criteria provided:</i> No stated goals No statement of interest No student advisor questionnaire No verification student worked less than 20 hours per week 	Cumulative GPA: 3.80
16-024	\$6,866.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	Cumulative GPA: 3.89
16-025	\$4,370.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-026	\$1,295.00	Yes	<ul style="list-style-type: none"> No application <i>Per Dept. criteria provided:</i> No stated goals No statement of interest No student advisor questionnaire No verification student worked less than 20 hours per week 	Cumulative GPA: 4.00
16-027	\$12,665.00	Yes	<ul style="list-style-type: none"> <i>Per Dept. criteria provided:</i> No letters of recommendation No GRE scores 	
16-028	\$2,015.00	Yes	<ul style="list-style-type: none"> No department-specific criteria 	
16-029	\$3,690.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-030	\$4,645.00	Yes	<ul style="list-style-type: none"> No application <i>Per Dept. criteria provided:</i> 	Cumulative GPA: 3.80

			<ul style="list-style-type: none"> • No stated goals • No statement of interest • No student advisor questionnaire • No verification student worked less than 20 hours per week 	
16-031	\$4,370.00	Yes	<ul style="list-style-type: none"> • No application • No department-specific criteria 	Cumulative GPA: 4.00
16-032	\$4,090.00	Yes	<ul style="list-style-type: none"> • No application • <i>Per Dept. criteria provided:</i> • No verification of financial need • Teaching background not verified 	
16-033	\$10,106.00	Yes		
16-034	\$9,706.00	Yes	<ul style="list-style-type: none"> • No application • <i>Per Dept. criteria provided:</i> • No application for appointment • No letters of recommendation 	
16-035	\$2,045.00	Yes	<ul style="list-style-type: none"> • No FY96 application • <i>Per Dept. criteria provided:</i> • No letters of recommendation • No GRE score • No documentation of verbal endorsements of faculty 	Cumulative GPA: 4.00
16-036	\$12,155.00	Yes	<ul style="list-style-type: none"> • No application • <i>Per Dept. criteria provided:</i> • No letters of recommendation • No application for graduate appointment 	
16-037	\$9,910.00	Yes	<ul style="list-style-type: none"> • No application • <i>Per Dept. criteria provided:</i> • No verification of teaching background 	
16-038	\$9,910.00	Yes	<ul style="list-style-type: none"> • No application • No department-specific criteria 	
16-039	\$6,600.00	Yes	<ul style="list-style-type: none"> • No application • <i>Per Dept. criteria provided:</i> • No documented potential for success • No stated goals/statement of financial need • No verification student worked less than 20 hours per week • No statement of interest • No questionnaire from student's advisor • No Graduate College application 	Cumulative GPA: 3.91
16-040	\$8,283.00	No	<ul style="list-style-type: none"> • No application • <i>Per Dept. criteria provided:</i> • No documentation of experience 	Cumulative GPA: 3.89

			<ul style="list-style-type: none"> No documentation of required skills 	
16-041	\$3,690.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	Student received 2 D's and withdrew from one class.
16-042	\$4,645.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	Cumulative GPA: 3.75
16-043	\$12,665.00	Yes	<ul style="list-style-type: none"> No application <i>Per Dept. criteria provided:</i> No letters of recommendation No verbal endorsement documentation from faculty No verification student had strong interest in graduate research 	
16-044	\$11,389.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-045	\$4,645.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	Cumulative GPA: 3.81
16-046	\$11,389.00	Yes		Cumulative GPA: 3.83
16-047	\$12,165.00	Yes	<ul style="list-style-type: none"> No application <i>Per Dept. criteria provided:</i> No verification of training and experience No interview documentation 	Cumulative GPA: 4.00
16-048	\$3,140.00	Yes	<ul style="list-style-type: none"> No department-specific criteria 	Cumulative GPA: 4.00
16-049	\$6,600.00	Yes	<ul style="list-style-type: none"> <i>Per Dept. criteria provided:</i> No verification of interview 	
16-050	\$3,690.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-051	\$3,690.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	Cumulative GPA: 4.00
16-052	\$3,690.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	Cumulative GPA: 3.94
16-053	\$3,690.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-054	\$4,030.00	No	<ul style="list-style-type: none"> No application No department-specific criteria 	
16-055	\$12,165.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	Cumulative GPA: 3.88
OTHER				
University Waiver Program				Eligibility and Selection Criteria
Exchange Program Waiver Graduate Tuition & Fee Waiver - No Work Req. OSFA Tuition Waiver Graduate Tuition and Fee Waiver				<ul style="list-style-type: none"> Authorizing memorandum from the graduate college stating that the student is an eligible recipient for the applicable term. *None of the sampled files contained a Board of Trustees waiver application.
OAG #	Total Waiver	IL Res	Missing Records	Observations
18-083	\$4,382.00	No	<ul style="list-style-type: none"> No fiscal year 1996 application No department-specific criteria 	
18-084	\$9,706.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
18-085	\$10,106.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	

18-086	\$4,645.00	Yes	<i>Per Dept. Criteria provided:</i> <ul style="list-style-type: none"> No graduate application form No expressed need for financial aid. No application 	Cumulative GPA: 3.76
18-087	\$5,145.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
18-088	\$5,053.00	Yes	<ul style="list-style-type: none"> No application 	
18-089	\$1,845.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	Cumulative GPA: 4.00
18-090	\$12,165.00	Yes	<ul style="list-style-type: none"> No application No fiscal year 1996 decision document No department-specific criteria 	Cumulative GPA: 3.83
18-091	\$3,690.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	Cumulative GPA: 3.87
18-092	\$4,853.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	
18-093	\$1,845.00	Yes	<ul style="list-style-type: none"> No application 	Cumulative GPA: 3.75
18-094	\$3,690.00	Yes	<ul style="list-style-type: none"> No application No department-specific criteria 	Cumulative GPA: 3.83
18-095	\$919.00	Yes	<ul style="list-style-type: none"> No application 	UIC stated that no decision document was required since the Financial Aid Office made these awards directly into the financial aid system.

SUPPORT STAFF (CIVIL SERVICE)

<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Non-Academic Staff Waiver (100%)				<ul style="list-style-type: none"> Employment status verification through a monthly payroll interface.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
22-066	\$3,076.00	Yes		
22-067	\$1,538.00	Yes		
22-068	\$1,538.00	Yes		Cumulative GPA: 3.79
22-069	\$142.00	Yes		
22-070	\$918.00	Yes		Cumulative GPA: 4.00
22-071	\$1,836.00	Yes		Cumulative GPA: 3.93
22-072	\$827.00	Yes		

NOTE: GPA is the student's cumulative GPA at the end of the last semester within the audit period. UIC uses a 5.0 GPA scale but the GPA in this chart have been converted to a 4.0 scale.

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/grants, loans, and employment. UIC reported in the *IBHE Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	36,928	\$85,918,998
• State programs (e.g., Monetary Award Program, National Guard Grants)	9,141	\$27,674,906
• Institutional programs (e.g., Tuition Waivers)	12,102	\$44,767,716
• Other sources of funds (e.g., Scholarships, Grants, and Fellowships)	<u>882</u>	<u>\$ 1,978,034</u>
TOTAL	59,053	\$160,339,654

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities so we could send a survey questionnaire to these peer universities that were not Illinois public universities already subject to this audit. We asked if peer universities had written tuition waiver policies, if their employees could take courses without paying tuition, if they had limits on waivers, and what documents they used. We also asked for their comments on the impact of waivers. The results of the survey are summarized in Exhibit D below for peer universities that responded.

<i>Exhibit D</i> SURVEY OF PEER UNIVERSITIES						
<i>University</i>	<i>Written Policy</i>	<i>Institutional Waivers</i>	<i>Employees Who Receive Tuition Waivers</i>	<i>Waiver Limit</i>	<i>Instruction Cost Covered by Tuition</i>	<i>Documents Used</i>
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 • Employees' dependents • Retirees • Affiliated employees • Spouses • Dependent children of deceased employees 	Not for employees	Not available	<ul style="list-style-type: none"> • Selection criteria • Computerized application process records • Human resource system for employees
University of California - Davis	No	No	<ul style="list-style-type: none"> • Administrators and faculty • Support staff • Retired employees within four months 	No	47% excluding self-supporting University Extension	<ul style="list-style-type: none"> • There are no standardized campus-wide documents
University of California - Santa Barbara	Yes	Yes	<ul style="list-style-type: none"> • Administrators and faculty 	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 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 support staff 	No	22% for undergraduate instruction	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Accounting records • Computerized application process records
University of Hawaii at	Yes	<ul style="list-style-type: none"> • Financial need • Merit/Service 	<ul style="list-style-type: none"> • Administrators and faculty 	15% of previous fall full-time enrollment	Approximately 30%	<ul style="list-style-type: none"> • Applications • Eligibility

Exhibit D
SURVEY OF PEER UNIVERSITIES

University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	Waiver Limit	Instruction Cost Covered by Tuition	Documents Used
Manoa		<ul style="list-style-type: none"> • Pacific-Asian • Employees 	<ul style="list-style-type: none"> • Civil service support staff 			<ul style="list-style-type: none"> requirements • Selection criteria • Accounting records • Computerized application process records
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 support staff • Employees' dependents 	No	100%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Accounting records • Computerized application process records
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 support staff 	Limits set by the Oregon State Board of Higher Education for the general fund	Not available	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Offer letter and payroll form
University of Utah	Yes	Yes	<ul style="list-style-type: none"> • Faculty and staff • Spouses and dependents • Retired staff and their spouses and dependents 	May adjust each year. 6.25% for 1995-96 academic year	29.5%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Decision memoranda • Accounting records • Computerized application process records
Virginia Commonwealth University	No	<ul style="list-style-type: none"> • Academic • Employees 	<ul style="list-style-type: none"> • Administrators and faculty • Civil service support staff (full-time only) 	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.	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 	Yes - 9 credit hours a year per student; waiver students bumped if class full	51% for 1996-97	<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 support staff • Employees' dependents 	No	FY 1995: 59% FY 1996: 57%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Decision memoranda • Accounting

<i>Exhibit D</i>						
SURVEY OF PEER UNIVERSITIES						
<i>University</i>	<i>Written Policy</i>	<i>Institutional Waivers</i>	<i>Employees Who Receive Tuition Waivers</i>	<i>Waiver Limit</i>	<i>Instruction Cost Covered by Tuition</i>	<i>Documents Used</i>
						records • Computerized application process records
SOURCE: OAG survey of peer universities						

These peer universities made the following comments:

- UNIVERSITY OF HAWAII AT MANOA**
 “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 UTAH**
 “Rather than waiving tuition for a certain percent of incoming freshman as is the practice at some of our sister institutions, the University of Utah has a more or less static scholarship budget, which does not allow for overall improvement in the quality of the applicant pool. This means that the selection criteria for freshman scholarships is ever shifting from one academic year to another. This, unfortunately, results in discouragement and dissatisfaction with institutional decisions on part of both students and parents, who had been relying on the University to finance their studies. It is the cause of challenges in public relations, which need to be resolved on an ongoing basis.”
- UNIVERSITY OF CALIFORNIA - SANTA BARBARA**
 The number of faculty and staff participating is minimal (approximately 2%).

F. UNIVERSITY’S COMMENTS ON IMPACT OF WAIVERS

We invited the university to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. The University of Illinois commented as follows for all three campuses:

“The University has been invited by the Legislative Audit Commission, which is conducting a review of tuition waiver policies and practices among Illinois public universities, to comment on the question of whether tuition waivers affect tuition rates, and if so, how.

The University receives the vast majority of the funds it spends on instructional activities from two sources: general tax funds from the State of Illinois, and tuition revenue. To the extent that a waiver of tuition represents foregone revenue, the University has essentially three options to address this loss:

- operate its instructional programs more efficiently or with reduced scope;
- secure additional tax resources;
- secure additional tuition revenue through higher tuition rates.

In general terms, it is useful to think of tuition waivers in three broad categories:

- waivers mandated by statute, over which the University has no control;
- waivers granted by the institution, over which the University has some control (waivers for undergraduates are limited by the Board of Higher Education to 3% of total tuition revenue collected and waived);
- waivers granted along with stipends for students performing specified services.

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 the stipend payments are fully taxable. To provide the same cash value to a graduate assistant, the University would have to recognize the impact of federal and state taxes on any additional stipends paid to assistants in lieu of waivers. Assuming that graduate assistants would fall into the 15% federal tax bracket and would be subject to a 3% state tax assessment, 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 the 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. By using tuition waivers instead of direct stipends alone, the University reduced instructional costs by approximately \$11 million, thereby providing a savings - and not a further cost requirement - in tuition and general tax fund requirements to support instruction.

Tuition waivers are also provided in concert with fellowships offered to attract persons with outstanding or diverse academic talent to graduate study at the University of Illinois. Students attracted to the University in this manner are among the most academically competitive in the nation, and are recruited by a number of other top-quality universities. Without a competitive fellowship/waiver package, they simply would not attend the University of Illinois, and thus the tuition which the University offers to waive for such students cannot be viewed as foregone revenue. For FY 1996 the value of waivers granted in this category approximated \$7.0 million.

Other waivers in the statutory and instructional categories do represent foregone revenue to the University. There are many sound reasons for granting such waivers: to enhance the academic and other talents available within the student body; to provide additional benefits to employees, either for pursuing their own educational programs, or for those of their dependent children; and of course, to recognize programs mandated by Illinois statutes. For example, providing waivers to employees to further their education, or to partially offset the cost of tuition for their children, is a direct fringe benefit which helps, to some extent, offset the need to pay University faculty and staff higher salaries. Such waivers are common in higher education institutions and serve as a recruitment and retention feature of faculty, in particular. Similarly, waivers granted to employees of other agencies which

cooperate with the University in providing supervision of student interns or other services which enhance the quality of our academic programs might also be viewed as an economically attractive alternative to paying higher direct salaries.

Institutional waivers offered for scholarships or other talents to undergraduates are specifically capped by policy of the Illinois Board of Higher Education (IBHE) at 3% of total tuition collected and waived. The IBHE monitors this cap annually and makes budget reductions for any institution exceeding this policy. Along with waivers mandated by statute, these undergraduate institutional waivers are among the most direct examples of foregone institutional revenue. These institutional and statutory waivers, valued at approximately \$13 million in FY 1996, do represent foregone revenue that affects the rate of tuition for those who do pay and the amount required from general tax support in order to sustain the funding of University instructional programs. The precise dollar impact on tuition rate is not determinable. Of course the overall educational program of the University gains strong advantages from having a talented and diverse student body for which the application of institutional tuition waivers play a significant role.”

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main audit report:

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.
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.
3. The University of Illinois should implement its policy to follow up with General Assembly nominees whose addresses are outside the awarding legislators’ districts.
4. Each State university should maintain complete selection records on individuals selected to receive a tuition waiver.
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.
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.

H. UNIVERSITY'S RESPONSE TO THE AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from the University of Illinois is reproduced on the following pages.



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.

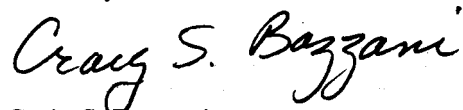
University Response

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

SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
UNIVERSITY OF ILLINOIS AT SPRINGFIELD

This Supplement to the Management Audit of Tuition and Fee Waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and other related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

The University of Illinois at Springfield (UIS) reported having 4,702 full-time and part-time students in fall 1995. UIS awarded 538 tuition waivers to 528 students. Of these, 197 waivers were for undergraduates and 341 were for graduate students. The value of tuition waivers was \$553,660 and fee waivers was \$9,378. The total tuition revenue at UIS was \$5,880,300 (see Exhibit A).

Each year universities report the number and amount of waivers to the Illinois Board of Higher Education (IBHE). UIS's fiscal year 1996 data submitted to the Office of the Auditor General (OAG) contained discrepancies noted below:

- UIS reported 555 tuition waivers worth \$560,200 to IBHE and 538 waivers worth \$553,660 to the OAG.
- Most of the difference was caused by including Graduate Public Service Internships in the IBHE report even though State agencies pay the student's tuition. University officials felt any additional differences resulted from differences in reporting time frames.

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students *	1,447
Part-Time Students *	3,255
Graduate Students*	2,162
Undergraduate Students*	2,540
Graduate	
• Tuition Waivers	341
• Amount	\$349,225
Undergraduate	
• Tuition Waivers	197
• Amount	\$204,436
Tuition Revenue (excluding tuition waivers)	\$5,880,300
Financial Aid (including tuition waivers)	\$10,037,638
*Fall 1995 only Numbers may not add due to rounding. SOURCE: OAG analysis of IBHE and university data.	

Exhibit B on the next page shows the waivers for fiscal years 1994 through 1996.

**Exhibit B
WAIVERS BY PROGRAM**

UNDERGRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	5	\$ 8,515	\$ 336	3	\$ 4,000	\$ 300	3	\$ 7,535	\$ 468
Athletic	40	49,699	0	40	50,000	0	38	50,000	0
Children of Employees	0	0	0	15	10,900	0	15	11,455	0
Civil Service Reciprocal	32	23,397	0	33	26,200	0	0	0	0
Dependents of Staff	17	9,907	0	0	0	0	0	0	0
Faculty/Administrators	2	603	42	2	800	100	6	2,752	287
General Assembly	12	18,310	311	10	12,700	200	12	21,489	365
Graduate Assistantships	0	0	0	0	0	0	1	1,160	0
Need-based	114	51,247	0	100	56,800	0	0	0	0
Other	0	0	0	0	0	0	84	79,424	564
Senior Citizens	1	602	0	1	1,000	0	0	0	0
Support Staff (Civil Service)	26	13,173	732	26	12,800	1,300	37	28,009	2,281
Wards of DCFS	0	0	0	0	0	0	1	2,611	195
Undergraduate Sub-Total	249	\$175,453	\$1,421	230	\$175,200	\$1,900	197	\$204,435	\$4,159

GRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Civil Service Reciprocal	35	\$19,098	\$ 0	32	\$ 20,800	0	0	0	0
Cooperating Teachers	0	0	0	0	0	0	1	\$332	\$ 33
Dependents of Staff	3	1,222	0	0	0	0	0	0	0
Faculty/Administrators	26	13,733	709	53	18,800	\$ 2,100	47	23,484	2,393
Foreign Students	4	4,116	0	0	0	0	2	2,600	0
General Assembly	7	6,726	77	5	2,700	0	2	1,911	27
Graduate Assistantships	111	172,505	0	118	197,700	0	116	201,728	0
Graduate Federal Program	0	0	0	0	0	0	0	0	0
Need Based Waivers	65	38,295	0	99	64,300	0	0	0	0
Other	0	0	0	0	0	0	124	90,932	84
Out-of -State	7	9,600	0	0	0	0	0	0	0
Special Education	2	915	27	1	300	0	0	0	0
Support Staff (Civil Service)	37	20,883	1,097	55	28,000	2,800	47	27,243	2,649
Veterans' Children	0	0	0	0	0	0	1	663	0
Wards of DCFS	0	0	0	0	0	0	1	332	33
Graduate Sub-Total	297	\$287,093	\$1,910	363	\$332,600	\$4,900	341	\$349,225	\$5,219
TOTAL	546	\$462,546	\$3,331	593	\$507,800	\$6,800	538	\$553,660	\$9,378

NOTE: Dollar totals may not add due to rounding.

SOURCE: University data provided to IBHE (fiscal years 1994 and 1995) and Auditor General's Office (fiscal year 1996).

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decision processes, internal evaluations, and reporting systems. The audit examined UIS's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems.

UIS had some written tuition waiver policies but university-wide policies generally did not address the following:

- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Cut-off date for accepting waivers.
- 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.

Internal audits of tuition waivers were also not performed during fiscal years 1994-96.

AWARD PROCESS

University officials said that the Office of Budget and Planning annually performs a calculation to determine the total waiver amount for the upcoming academic year. This calculation uses anticipated tuition revenue and is based upon IBHE and institutional guidelines. The results of these calculations are communicated to the Office of Financial Assistance.

- The institution does not allocate tuition waivers to individual academic colleges/ departments; however, two categories of undergraduate tuition waivers are allocated to other units. The Athletic Department is authorized to issue up to \$50,000 in tuition waivers. The Minority Student Support Program is authorized to award four tuition waivers to qualified students. Approval for these waivers is granted by the Vice Chancellor for Student Services based upon formal requests from the awarding entities.
- The balance of undergraduate non-statutory waivers are awarded by the Office of Financial Assistance to students making satisfactory academic progress and demonstrating unmet financial need.

University officials said UIS does not award any tuition waivers in lieu of compensation.

DATA ENTRY CONTROLS

UIS did not have written procedures regarding the entry of tuition waivers in the computer system and did not perform supervisory review of waivers entered into the computer.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled 102 tuition waivers at UIS from fiscal year 1996 to review the university's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of documents missing is calculated based on applicable documents (applicable documents are discussed in the section "Waivers Sampled" of Chapter 4).

Statutory Waivers

- 7 of 21 waivers (33%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.

Institutional Waivers

- 1 of 75 waivers (1%) did not have an application.
- 1 of 75 (1%) waivers did not satisfy all eligibility and selection criteria or their criteria were not in writing.

UIS did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed UIS's compliance with these laws, primarily for individuals in our sample. All waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted in this section, as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

☆ **CHILDREN OF EMPLOYEES.** Ten individuals in our random sample at UIS received this waiver in fiscal year 1996 which indicated the following:

- Five recipients were awarded this waiver whose parents were employed less than seven years by UIS. UIS was following a former Board of Regents policy which allowed Children of Employees waivers after only three years of service.
- One recipient was awarded this waiver although he/she was older than age 25 (which is older than the statutory limit) at the commencement of the academic year.

- Two recipients had cumulative GPA's over 3.75 or above and two recipients had cumulative GPA's under 2.00.

⌚ **RESERVE OFFICER'S TRAINING CORPS.** UIS did not have a ROTC program in fiscal year 1996.

⌚ **SENIOR CITIZENS.** UIS did not report Senior Citizens waivers in fiscal year 1996.

⌚ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** UIS did not report any Sports Equity waivers in fiscal year 1996.

⌚ **TALENT WAIVERS.** IBHE reported that the university exceeded the three percent limit for fiscal year 1996, and their 1998 appropriation was reduced by \$2,800. For details about these waivers, see the section below titled "Institutional Waivers."

⌚ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** UIS did not report special education tuition waivers in fiscal year 1996.

⌚ **GENERAL ASSEMBLY.** Nine individuals in our random sample at UIS received this waiver in fiscal year 1996. The sample indicated two recipients had addresses outside the awarding legislators' districts. Two recipients had cumulative GPA's of 3.75 or above.

⌚ **WARDS OF DCFS.** One individual in our random sample at UIS received this waiver in fiscal year 1996. UIS had the letter from the Department of Children and Family Services authorizing the waiver.

⌚ **CHILDREN OF VETERANS.** The University of Illinois at Urbana administers the program and maintains documentation of students receiving awards. Neither the Springfield campus nor the Urbana/Champaign campus had certain required documentation for one individual in our random sample.

INSTITUTIONAL WAIVERS

During fieldwork, we tested 81 institutional waivers at UIS to determine if they had applications, eligibility and selection criteria, decision documents, and contracts when applicable. The results of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may have been different). The "Observations" column includes grade point averages if they were 3.75 and above or 2.00 and below; graduate students whose GPA were below 3.00 are also reported.

<i>Exhibit C</i>				
INSTITUTIONAL WAIVER PROGRAMS				
ATHLETIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Athletic				<ul style="list-style-type: none"> N/A (Athletes selected by coaches)
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
11-42	\$2,293	No		
11-43	\$2,621	Yes		
11-44	\$1,310	Yes		
11-45	\$383	Yes		
11-46	\$457	Yes		Student withdrew from all classes.
11-47	\$2,293	No		
FACULTY/ADMINISTRATORS				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Faculty/Administrators				<ul style="list-style-type: none"> Employed 25% of full-time services for at least ¾ of the term .
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
14-20	\$193	Yes		
14-21	\$365	Yes		
14-22	\$708	Yes		
14-23	\$214	Yes		Cumulative GPA 3.81
14-24	\$1,416	Yes		Cumulative GPA 3.93
14-25	\$365	Yes		
14-26	\$361	Yes		Cumulative GPA 3.89
14-27	\$349	Yes		Cumulative GPA 4.00
GRADUATE ASSISTANTS				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Graduate Assistantship				<ul style="list-style-type: none"> Possess an earned baccalaureate degree Admitted to graduate study Satisfy selection criteria
NOTE: Unlike most other universities, UIS usually provided program specific criteria with available supporting documentation for this program.				
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
16-01	\$2,321	Yes		
16-02	\$1,744	Yes		Cumulative GPA 3.94
16-03	\$1,492	No		
16-04	\$1,658	Yes		Cumulative GPA 3.87
16-05	\$1,989	Yes		
16-06	\$1,366	Yes		Cumulative GPA 2.88
16-07	\$1,824	Yes		
16-08	\$1,658	Yes		
16-09	\$1,658	Yes		
16-10	\$1,161	Yes		
16-11	\$1,658	Yes		Cumulative GPA 3.94
16-12	\$2,321	Yes		Cumulative GPA 4.00
16-13	\$1,326	Yes		

16-14	\$1,326	Yes		
16-15	\$1,326	Yes		
16-16	\$1,658	No		
16-17	\$1,532	Yes		
16-18	\$1,740	Yes		Cumulative GPA 3.90
16-19	\$1,492	Yes		
OTHER				
University Waiver Program				Eligibility and Selection Criteria
Other				<ul style="list-style-type: none"> Varies by program and department.
OAG #	Total Waiver	IL Res	Missing Records	Observations
18-48	\$1,000	No		
18-49	\$983	Yes		
18-50	\$983	Yes		
18-51	\$663	Yes		
18-52	\$663	Yes		
18-53	\$1,326	Yes		
18-54	\$663	Yes		
18-55	\$983	Yes		Cumulative GPA 3.94
18-56	\$328	Yes		
18-57	\$332	Yes		Cumulative GPA 4.00
18-58	\$2,351	Yes		
18-59	\$420	Yes		
18-60	\$663	Yes	<ul style="list-style-type: none"> No application No documentation of meeting financial need requirements 	This waiver was not based on financial need but was approved through the university's appeals process - the student filed a complaint against a professor over a grade dispute and was awarded this waiver to take the class again.
18-61	\$840	Yes		
18-62	\$1,050	Yes		
18-63	\$525	Yes		Cumulative GPA 3.84
18-64	\$840	Yes		Cumulative GPA 3.78
18-65	\$840	Yes		
18-66	\$840	Yes		
18-67	\$1,050	Yes		
18-68	\$725	Yes		
18-69	\$813	Yes		
18-70	\$1,050	Yes		Cumulative GPA 4.00
18-71	\$400	Yes		
18-72	\$525	Yes		
18-73	\$425	Yes		
18-74	\$700	Yes		
18-75	\$1,310	Yes		Cumulative GPA 3.87
18-76	\$525	Yes		Cumulative GPA 3.87
18-77	\$983	Yes		
18-78	\$525	Yes		
18-79	\$523	Yes		
18-80	\$500	Yes		
18-81	\$61	Yes		Cumulative GPA 4.00

SUPPORT STAFF (CIVIL SERVICE)				
University Waiver Program			Eligibility and Selection Criteria	
Support Staff			<ul style="list-style-type: none"> • Be an eligible employee of the University. • Hours that can be taken are as follows: full-time employee 6 hours ¾ time employee 4 hours ½ time employee 3 hours approved by supervisor 	
OAG #	Total Waiver	IL Res	Missing Records	Observations
22-28	\$361	Yes		
22-29	\$1,073	Yes		
22-30	\$365	Yes		
22-31	\$365	Yes		Cumulative GPA 4.00
22-32	\$191	Yes		Incomplete grades earned
22-33	\$214	Yes		
22-34	\$557	Yes		
22-35	\$1,427	Yes		
22-36	\$365	Yes		
22-37	\$1,061	Yes		
22-38	\$399	Yes		Cumulative GPA 4.00
22-39	\$193	Yes		Cumulative GPA 3.86
22-40	\$711	Yes		
22-41	\$1,751	Yes		

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/ grants, loans, and employment. UIS reported in the *IBHE Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	692	\$ 889,174
• State programs (e.g., Monetary Award Program, National Guard Grants)	2713	\$ 6,745,738
• Institutional programs (e.g., Tuition Waivers)	1397	\$ 2,332,535
• Other sources of funds (e.g., Scholarships, Grants, Fellowships)	<u>52</u>	<u>\$ 70,191</u>
TOTAL	4,854	\$10,037,638

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities so we could send a survey questionnaire to the peer universities that were not Illinois public universities already subject to this audit. We asked if peer universities had written tuition waiver policies, if their employees could take courses without paying tuition, if they had limits on waivers, and what documents they used. We also asked for their comments on the impact of waivers. The results of the survey are summarized in Exhibit D below for peer universities that responded.

Exhibit D						
SURVEY OF PEER UNIVERSITIES						
University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	Waiver Limit	Instruction Cost Covered by Tuition	Documents Used
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 	Yes - One undergraduate and graduate degree under normal course work	87%	<ul style="list-style-type: none"> • Applications
Hellenic College	Yes	Yes	<ul style="list-style-type: none"> • Administrators and faculty • Employees' dependents at ½ price 	50% of tuition rate	25.3%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Selection criteria • Accounting records
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% 	No	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 • Civil service support staff • Employees' dependents 	No	Not available	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Accounting records
Rivier College	Yes	Employees	<ul style="list-style-type: none"> • Administrators and faculty • Employees' dependents • Employees' spouse 	No	Not available	<ul style="list-style-type: none"> • Applications • Eligibility requirements
Saint Francis College	Yes	No	<ul style="list-style-type: none"> • Administrators and faculty • Employees' dependents 	No	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 	No Ph.D. or Law School courses may be waived	Not available	<ul style="list-style-type: none"> • Applications
University of Dallas	Yes	No	<ul style="list-style-type: none"> • Administrators and faculty • Employees' dependents 	No	76%	<ul style="list-style-type: none"> • Applications

SOURCE: OAG survey of peer universities

These peer universities made the following comments:

- **HELLENIC COLLEGE**

“We are a small campus and word gets around among the student body. Students begin to expect more each year.”

- **RIVIER COLLEGE**

“Courses at Rivier are on a space available basis. Students will simply register for other courses. The network of CIC colleges and universities agree to accept (import) a limited number of students from other colleges on the same admission basis as they accept all other students without regard to the number of students it exports.”

F. UNIVERSITY'S COMMENTS ON IMPACT OF WAIVERS

We invited the university to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. The University of Illinois commented as follows for all three campuses:

“The University has been invited by the Legislative Audit Commission, which is conducting a review of tuition waiver policies and practices among Illinois public universities, to comment on the question of whether tuition waivers affect tuition rates, and if so, how.

The University receives the vast majority of the funds it spends on instructional activities from two sources: general tax funds from the State of Illinois, and tuition revenue. To the extent that a waiver of tuition represents foregone revenue, the University has essentially three options to address this loss:

- operate its instructional programs more efficiently or with reduced scope;
- secure additional tax resources;
- secure additional tuition revenue through higher tuition rates.

In general terms, it is useful to think of tuition waivers in three broad categories:

- waivers mandated by statute, over which the University has no control;
- waivers granted by the institution, over which the University has some control (waivers for undergraduates are limited by the Board of Higher Education to 3% of total tuition revenue collected and waived);
- waivers granted along with stipends for students performing specified services.

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 the stipend payments are fully taxable. To provide the same cash value to a graduate assistant, the University would have to recognize the impact of federal and state taxes on any additional stipends paid to assistants in lieu of waivers. Assuming that graduate assistants would fall in the 15% federal tax bracket and would be subject to a 3% state tax assessment, 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 the 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. By using tuition waivers instead of direct stipends alone, the University reduced instructional costs by

approximately \$11 million, thereby providing a savings - and not a further cost requirement - in tuition and general tax fund requirements to support instruction.

Tuition waivers are also provided in concert with fellowships offered to attract persons with outstanding or diverse academic talent to graduate study at the University of Illinois. Students attracted to the University in this manner are among the most academically competitive in the nation, and are recruited by a number of other top-quality universities. Without a competitive fellowship/waiver package, they simply would not attend the University of Illinois, and thus the tuition which the University offers to waive for such students cannot be viewed as foregone revenue. For FY 1996 the value of waivers granted in this category approximated \$7.0 million.

Other waivers in the statutory and instructional categories do represent foregone revenue to the University. There are many sound reasons for granting such waivers: to enhance the academic and other talents available within the student body; to provide additional benefits to employees, either for pursuing their own educational programs, or for those of their dependent children; and of course, to recognize programs mandated by Illinois statutes. For example, providing waivers to employees to further their own education, or to partially offset the cost of tuition for their children, is a direct fringe benefit which helps, to some extent, offset the need to pay University faculty and staff higher salaries. Such waivers are common in higher education institutions and serve as a recruitment and retention feature for faculty, in particular. Similarly, waivers granted to employees of other agencies which cooperate with the University in providing supervision of student interns or other services which enhance the quality of our academic programs might also be viewed as an economically attractive alternative to paying higher direct salaries.

Institutional waivers offered for scholarships or other talents to undergraduates are specifically capped by policy of the Illinois Board of Higher Education (IBHE) at 3% of total tuition collected and waived. The IBHE monitors this cap annually and makes budget reductions for any institution exceeding this policy. Along with waivers mandated by statute, these undergraduate institutional waivers are among the most direct examples of foregone institutional revenue. These institutional and statutory waivers, valued at approximately \$13 million in FY 1996, do represent foregone revenue that affects the rate of tuition for those who do pay and the amount required from general tax support in order to sustain the funding of University instructional programs. The precise dollar impact on tuition rates is not determinable. Of course the overall educational program of the University gains strong advantages from having a talented and diverse student body for which the application of institutional tuition waivers play a significant role.”

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main audit report:

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.

2. Illinois State, Northern, and University of Illinois at Springfield should require its 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 policy of the now defunct Board of Regents.
3. The University of Illinois should implement its policy and follow up with General Assembly nominees whose addresses are outside the awarding legislators' districts.
4. Each State university should maintain complete selection records on individuals selected to receive a tuition waiver.
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.
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.

H. UNIVERSITY'S RESPONSE TO AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from the University of Illinois is reproduced on the following pages.



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.

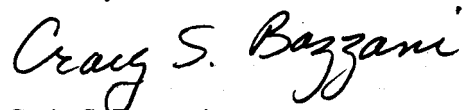
University Response

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

SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
UNIVERSITY OF ILLINOIS AT URBANA

This Supplement to the Management Audit of Tuition and Fee Waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

University of Illinois at Urbana/Champaign (UIUC) reported having 38,420 full-time and part-time students in fall 1995. UIUC awarded 11,761 tuition waivers. Of these, 3,655 waivers were for undergraduates and 8,106 were for graduate students. The value of tuition waived was \$60,026,462 and fees waived was \$2,106,436. The total tuition revenue at UIUC was \$103,891,000 (see Exhibit A).

Each year universities report the number and amount of waivers to the Illinois Board of Higher Education (IBHE). UIUC reported a total of 11,772 waivers worth \$60,828,800 (duplicate waivers noted in third bullet were eliminated) to the IBHE and almost the same amount to the Office of the Auditor General (OAG): 11,761 waivers worth \$60,026,462. However, UIUC's fiscal year 1996 data submitted to the OAG contained discrepancies noted below:

- UIUC reported that tuition waivers to graduate assistants were worth \$46,198,400 to the IBHE and \$23,657,805 to the OAG. UIUC valued all these waivers at the in-state tuition rate, but for their report to the IBHE, added the value of these waivers (approximately \$23 million) to out-of-state students to the **aggregate** amount. The data provided to us was by recipient and it showed all graduate assistants' tuition being waived at the in-state tuition rate even if they were not Illinois residents.

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students*	33,613
Part-Time Students*	4,807
Graduate Students*	10,577 ¹
Undergraduate Students*	27,843
Graduate	
• Tuition Waivers	8,106
• Amount	\$53,741,533 ²
Undergraduate	
• Tuition Waivers	3,655
• Amount	\$7,901,472 ²
Tuition Revenue (excluding tuition waivers)	\$103,891,000
Financial Aid (including tuition waivers)	\$219,149,040
* Fall 1995 only.	
¹ Number of graduate waivers includes 970 professional students.	
² Graduate and undergraduate amounts include a total of \$1,616,543 in duplicate tuition.	
SOURCE: OAG analysis of IBHE and university data.	

- UIUC's data submitted to the OAG for individual waiver programs did not always agree with their data submitted to the IBHE. Some examples are shown below:

Undergraduate Waiver Program	Reported to OAG	Reported to IBHE	Difference
Graduate Assistantship	\$211,035	\$117,600	\$93,435
Graduate Waiver Program	Reported to OAG	Reported to IBHE	Difference
College of Law	\$0	\$308,600	(\$308,600)
Graduate College	\$5,474,853	\$5,052,000	\$422,853
Staff Related	\$50,913	\$218,800	(\$167,887)

UIUC's dollar amount of tuition waived reported to the OAG included \$1,616,543 of duplicate tuition waived which we eliminated. Exhibit B on the next page shows the waivers for fiscal years 1994 through 1996.

**Exhibit B
WAIVERS BY PROGRAM**

UNDERGRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	45	\$84,600	0	86	\$117,500	0	126	\$ 135,749	\$ 63
Athletic	246	362,000	0	238	361,000	0	251	1,306,926	233,264
Children of Employees	379	496,800	0	401	563,200	0	415	626,201	189
Cooperating Teachers	3	5,800	0	4	2,600	0	29	18,562	0
Faculty/ Administrators	56	50,300	0	59	50,600	0	56	42,766	313
Field Supervisors	1	500	0	1	500	0	2	1,000	0
Foreign Exchange/Study Abroad	199	428,400	\$36,000	210	482,600	\$35,200	228	491,588	37,638
General Assembly	578	1,451,300	0	589	1,580,300	0	573	1,648,923	701
Graduate Assistantships	51	101,200	8,600	76	141,900	11,200	103	211,035	15,797
Graduate College Waivers	110	79,300	6,900	98	72,500	5,800	85	101,963	5,603
High School Concurrent	11	2,600	0	13	3,000	0	9	1,575	0
Other	0	3,200	200	0	4,100	300	33	34,469	0
Other Institutional	3	11,300	400	2	1,100	0	0	0	0
Other Talent	394	497,700	0	426	556,600	0	338	560,399	188
Out-of-State	5	14,100	0	11	29,200	0	13	61,842	125
ROTC	149	310,100	0	140	350,800	0	148	355,746	63
Special Education	28	72,500	0	24	63,000	0	17	49,626	0
Student Service	588	571,600	0	497	538,600	0	628	705,067	502
Summer Bridge Program	54	8,400	0	56	9,700	0	8	6,277	504
Support Staff (Civil Service)	117	105,000	0	109	100,500	0	82	74,208	0
University Waivers	0	0	0	0	0	0	61	20,443	315
Veterans' Children	488	1,349,500	0	463	1,399,400	0	437	1,411,182	188
Wards of DCFS	12	36,000	0	10	29,900	0	13	35,925	0
Undergraduate Sub-Total	3,517	\$6,042,200	\$52,100	3,513	\$6,458,600	\$52,500	3,655	\$7,901,472	\$295,453

GRADUATE

WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Athletic	0	0	0	0	0	0	3	\$ 14,923	\$ 3,255
College of Law	20	\$ 97,700	\$ 1,700	18	\$ 127,500	\$ 1,000	0	0	0
Cooperating Teachers	124	125,700	100	134	172,700	0	96	161,623	691
Faculty/Administrators	443	690,000	0	423	725,800	0	356	684,455	4,532
Field Supervisors	15	27,700	0	14	23,200	0	14	22,088	469
Foreign Exchange/Study Abroad	26	56,400	4,200	27	82,800	5,300	45	120,427	8,065
General Assembly	22	67,700	0	16	69,300	0	25	120,297	0
Graduate Assistantships	6,853	41,456,300	1,574,900	6,654	43,398,300	1,416,100	6,470	46,198,400**	1,594,281
Graduate College Waivers	876	4,496,300	154,000	1,003	5,277,600	165,100	853	5,474,853	190,606
Other	0	569,700	46,200	0	1,543,600	104,600	110	324,784	6,153
Other Institutional	27	52,900	300	21	38,100	0	0	0	0
Out-of-State	42	184,100	0	42	208,100	0	47	280,796	219
ROTC	1	1,600	0	0	0	0	0	0	0
Special Education	3	7,200	0	2	4,800	0	1	114	0
Student Service	4	3,300	0	4	6,300	0	1	214	0
Support Staff (Civil Service)	51	62,200	0	54	64,800	0	46	67,242	0
University Waivers	0	0	0	0	0	0	19	174,062	2,712
Veterans' Children	29	74,000	0	26	92,900	0	20	97,255	0
Graduate Sub-Total	8,536	\$47,972,800	\$1,781,400	8,438	\$51,835,800	\$1,692,100	8,106	\$53,741,533	\$1,810,983
TOTAL	12,053	\$54,015,000	\$1,833,500	11,951	\$58,294,400	\$1,744,600	11,761	*\$60,026,462	\$2,106,436

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

** The university accounting records tracked all graduate assistant tuition waivers at the in-state tuition rate. The university's estimate was used to adjust the dollar amount to account for the additional out-of state tuition waived.

*FY 1996 total has been adjusted to eliminate duplicate waiver amounts \$1,616,543.

SOURCE: University data provided to IBHE (fiscal years 1994 and 1995) and Office of the Auditor General (fiscal year 1996).

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decision processes, internal evaluations, and reporting systems. The audit examined UIUC's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems.

UIUC had some written tuition waiver policies but university-wide policies generally did not address the following:

- Process for determining the total waivers to be awarded by the university.
- Process for allocating waivers to units within the university.
- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs
- Method of counting and reporting on waivers.
- System for monitoring waiver programs.
- Cut-off date for accepting waivers.
- 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.

Internal audits of tuition waivers were not performed during fiscal years 1994-96.

AWARD PROCESS

UIUC stated that tuition waiver programs are authorized by the Board of Trustees, and there is no single control on the number of waivers awarded by the Urbana campus. The procedure for applying for a waiver varies by program.

There is no general campus allocation of undergraduate waivers to colleges or departments. Officials said some waivers are awarded automatically if established criteria are met (e.g., statutory waivers where criteria are established in statute). The remaining waivers are allocated to programs in an attempt to maximize their impact on institutional quality.

Graduate waivers are assigned to Graduate College Fellowship recipients. Fellowships are awarded through campus-wide competition. Additional waivers are allocated based on size of the graduate program and availability of other types of graduate student support. Graduate assistantship waivers are limited by the department's or college's ability to pay the stipend.

The Urbana campus accepts waiver authorization anytime during the academic term for which the tuition is to be waived. The cut-off date is the last date of each academic term. The various awarding offices are responsible for keeping their own files.

University officials said UIUC does not award any tuition waivers in lieu of compensation.

DATA ENTRY CONTROLS

UIUC had informal procedures regarding the entry of tuition waivers in the computer system although the responsibility for data entry rested with many different departments.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled 162 tuition waivers at UIUC from fiscal year 1996 to review the university's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of documents missing is calculated based on applicable documents (applicable documents are discussed in the section "Waivers Sampled" of Chapter 4).

Statutory

- 21 of 41 (51%) waivers did not have written application forms or application letters.
- 7 of 66 (11%) waivers did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- All applicable waivers contained documentation of the decision to award the waiver.

Institutional

- 1 of 87 (1%) waivers did not have written application forms or application letters.
- 4 of 91(4%) waivers did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- 4 of 94 (4%) waivers did not have documentation of the decision to award the waiver.
- 3 of 7 (43%) waivers did not have contracts. The three missing contracts were in the "Other Talent" program.

UIUC did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed UIUC's compliance with these laws, primarily for individuals in our sample. All waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted in this section, as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

☆ **CHILDREN OF EMPLOYEES.** Seventeen individuals in our random sample at UIUC received this waiver in fiscal year 1996. University officials stated that Children of Employees completed an application the first time they applied for the waiver. Information on both the parent and the child was entered into the computer system for tracking purposes. They said waivers in future semesters were approved by verifying active status of the employee and using the system to track the number of semesters used and age of the student. One recipient had a cumulative GPA of 2.00 or below.

⌚ **RESERVE OFFICER'S TRAINING CORPS.** UIUC exceeded the limit of ten ROTC recipients during fiscal year 1996 because it had 148 recipients. University officials stated that the statute allows each detachment at UIUC to award 40 waivers per year per detachment. Each waiver may be divided into as many as three different waivers: fall, spring, and summer. Six recipients in our sample at UIUC received this waiver in fiscal year 1996. University records documented their waiver approval and Illinois residency. One recipient had a cumulative GPA of 2.00 or below and one had a cumulative GPA of 3.75 or above.

⌚ **SENIOR CITIZENS.** UIUC did not report Senior Citizens tuition waivers in fiscal year 1996.

⌚ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** UIUC did not award Sports Equity waivers in fiscal year 1996.

⌚ **TALENT WAIVERS.** IBHE reported that the University did not exceed the three percent limit on undergraduate waivers for fiscal year 1996. For details about these waivers, see the section below titled "Institutional Waivers."

⌚ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** One recipient in our sample at UIUC received this waiver in fiscal year 1996. UIUC had the required certificate from the Illinois Student Assistance Commission showing a waiver was authorized.

⌚ **GENERAL ASSEMBLY.** Twenty-three individuals in our random sample at UIUC received this waiver in fiscal year 1996. Two waiver recipients sampled had addresses outside the awarding legislators' district. Six recipients had cumulative GPA's of 3.75 or above.

⌚ **WARDS OF DCFS.** One individual in our random sample at UIUC received this waiver in fiscal year 1996. UIUC had a letter from the Department of Children and Family Services authorizing the award.

⌚ **CHILDREN OF VETERANS.** Eighteen recipients in our random sample at UIUC received this waiver in fiscal year 1996. Four recipients did not provide documentation to show active wartime service during one of the periods of conflict established in statute. Four recipients had cumulative GPA's of 3.75 or above.

INSTITUTIONAL WAIVERS

During fieldwork, we tested 96 institutional waivers at UIUC to determine if they had applications, eligibility and selection criteria, decision documents, and contracts when applicable. The results of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may have been different). The “Observations” column includes grade point averages if they were 3.75 and above or 2.00 and below; graduate students whose GPA were below 3.00 are also reported.

<i>Exhibit C</i>				
INSTITUTIONAL WAIVER PROGRAMS				
ACADEMIC				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Academic			<ul style="list-style-type: none"> Campus honor program. High school students with high ACT/SAT scores and exceptional high school records are invited to apply for admission to the program. 	
OAG #	Total Waiver	IL Res	Missing Records	Observations
10-72	\$200	Yes		<ul style="list-style-type: none"> Recipient ranked 96 in his high school class with a 5.34 cumulative GPA (6.0 scale).
ATHLETIC				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Athletic			<ul style="list-style-type: none"> N/A (Athletes selected by coaches). 	
OAG #	Total Waiver	IL Res	Missing Records	Observations
11-70	\$758	Yes		
11-71	\$11,488	No		
COOPERATING TEACHERS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Cooperating Teachers			<ul style="list-style-type: none"> Certified individual employed by the school district who performed the assigned class services. Tuition waiver must be used within one year. 	
OAG #	Total Waiver	IL Res	Missing Records	Observations
12-68	\$855	Yes		
12-69	\$570	Yes		
FACULTY/ADMINISTRATORS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Faculty/Administrator Waiver			<ul style="list-style-type: none"> Tuition waiver for faculty/administrators employed more than 25% of the time. 	
OAG #	Total Waiver	IL Res	Missing Records	Observations
14-63	\$1,835	No		<ul style="list-style-type: none"> Cumulative GPA 4.00
14-64	\$570	Yes		<ul style="list-style-type: none"> Cumulative GPA 3.85
14-65	\$428	Yes		<ul style="list-style-type: none"> Cumulative GPA 3.78

14-66	\$285	Yes		• Cumulative GPA 3.83
GRADUATE ASSISTANTS				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Graduate Assistantship Notes: 1. The graduate school application has a section for applicant to request financial aid including a fellowship, assistantship, or a tuition waiver. 2. There were no program specific criteria because the university said the only criteria to receive a tuition waiver was acceptance into the graduate program and appointment to an assistantship position.				<ul style="list-style-type: none"> Graduate teaching assistants who are non-native speakers of English must pass the Oral English Proficiency Exam. This is not required of graduate assistants and research assistants.
OAG #	Total Waiver	IL Res	Missing Records	Observations
16-1	\$3,100	No		• Cumulative GPA 3.91
16-2	\$3,876	No		• Cumulative GPA 3.79
16-3	\$3,670	No		• Cumulative GPA 3.86
16-4	\$3,517	No		• Cumulative GPA 1.96 / Received 4 F's during academic year 1996.
16-5	\$12,121	No		• Cumulative GPA 3.77
16-6	\$5,088	No		• Cumulative GPA 4.00
16-7	\$4,070	Yes		
16-8	\$4,588	No		• Cumulative GPA 3.85
16-9	\$4,161	No		
16-10	\$4,170	No		
16-11	\$4,161	No		• Fellowship recipient.
16-12	\$6,620	Yes		• Cumulative GPA 2.69
16-13	\$4,170	No		• Cumulative GPA 3.81
16-14	\$1,377	No		• Cumulative GPA 3.80
16-15	\$2,085	No		• Withdrew from all classes in fall of 1995.
16-16	\$4,588	No		• Cumulative GPA 3.75
16-17	\$491	No		• Cumulative GPA 3.97
16-18	\$4,170	Yes		
16-19	\$3,884	No		
16-20	\$2,753	No		• Cumulative GPA 3.86
16-21	\$3,100	Yes		
16-22	\$5,213	No		• Cumulative GPA 3.87
16-23	\$4,170	Yes		
16-24	\$3,589	Yes		
16-25	\$5,458	No		• Cumulative GPA 4.00
16-26	\$2,085	Yes		
16-27	\$5,213	No		
16-28	\$4,170	No		• Cumulative GPA 3.87
16-29	\$3,670	No		• Cumulative GPA 4.00
16-30	\$4,588	Yes		• Cumulative GPA 4.00
16-31	\$1,432	Yes		
16-32	\$3,292	Yes		• Cumulative GPA 3.90
16-33	\$4,588	Yes		• Cumulative GPA 3.81
16-34	\$4,070	Yes		• Cumulative GPA 3.80
16-35	\$4,170	No		• Cumulative GPA 3.93
16-36	\$4,070	No		• Cumulative GPA 3.92
16-37	\$3,670	Yes		

16-38	\$1,449	Yes		
16-39	\$3,670	Yes		• Cumulative GPA 3.94
16-40	\$3,670	No		• Cumulative GPA 4.00
16-41	\$2,625	Yes		
16-42	\$3,670	No		
16-43	\$2,035	Yes		
16-44	\$5,213	No		• Cumulative GPA 3.86
16-45	\$5,213	No		• Cumulative GPA 3.85
16-46	\$5,213	No		
16-47	\$3,670	No		• Cumulative GPA 3.99
16-48	\$3,591	No		• Cumulative GPA 4.00
16-49	\$3,670	Yes		
16-50	\$4,211	No		• Undergraduate student who is a graduate assistant. Cumulative GPA 2.97
16-51	\$3,670	Yes		• Cumulative GPA 3.93
16-52	\$3,670	Yes		• Cumulative GPA 4.00
16-53	\$2,530	Yes		
16-54	\$1,875	No		• Undergraduate student who is a graduate assistant.
16-55	\$5,213	No		• Cumulative GPA 3.75
16-56	\$2,085	Yes		• Cumulative GPA 3.80
16-57	\$3,670	No		• Cumulative GPA 4.00
16-58	\$3,670	No		• Cumulative GPA 3.84
16-59	\$4,170	No		• Cumulative GPA 4.00
16-60	\$4,170	No		
16-61	\$4,588	No		
16-62	\$3,670	No		• Cumulative GPA 3.94
OTHER				
University Waiver Program			Eligibility and Selection Criteria	
Other			• Varies by program and department.	
OAG #	Total Waiver	IL Res	Missing Records	Observations
18-85	\$1,625	No		• Cumulative GPA 3.86
18-86	\$9,474	No		• Cumulative GPA 4.00
18-87	\$12,656	No		
18-88	\$10,972	No		• Cumulative GPA 4.00
18-89	\$10,224	No		
18-90	\$7,097	No		• Cumulative GPA 4.00
18-91	\$541	Yes		
18-92	\$2,106	No		• Cumulative GPA 4.00 • Summer Research Opportunities Program - provide research experience to minority students.
18-93	\$3,149	No		• Cumulative GPA 3.97
18-94	\$7,097	No		• Cumulative GPA 3.92
18-95	\$570	Yes		• Cumulative GPA 3.91. Employed by Allied Agency.
18-96	\$5,000	Yes		
OTHER TALENT				
University Waiver Program			Eligibility and Selection Criteria	
Other Talent			• Upper 40% of the high school graduating class. • ACT score of 20.	
OAG #	Total Waiver	IL Res	Missing Records	Observations
19-73	\$4,430	No	• No recommendation of major area teacher • No interview with	

			music education faculty	
			<ul style="list-style-type: none"> No final decision No contract 	
19-74	\$700	Yes	<ul style="list-style-type: none"> No entrance audition No recommendation of major area teacher No final decision No contract 	
19-75	\$43	Yes	<ul style="list-style-type: none"> No entrance audition No recommendation of major area teacher No interview with music education faculty No final decision No contract 	
OUT-OF-STATE/ MILITARY				
University Waiver Program			Eligibility and Selection Criteria	
Out-of-State/Military			<ul style="list-style-type: none"> Criteria varies by program. 	
OAG #	Total Waiver	IL Res	Missing Records	Observations
20-82	\$9,136	No		<ul style="list-style-type: none"> Persons actively serving in one of the Armed Forces of the United States who are stationed and present with their spouses and dependent children, living in Illinois.
20-83	\$1,625	No		<ul style="list-style-type: none"> Agreement with Universidad Torcuato Di Tella, Buenos Aires, Argentina.
20-84	\$3,250	No		<ul style="list-style-type: none"> Cumulative GPA 3.77. Agreement with Unite Pedagogique d' Arcitecture No. 3.
STUDENT SERVICE				
University Waiver Program			Eligibility and Selection Criteria	
Student Service			<ul style="list-style-type: none"> Need-Based Waiver. Eligibility and selection determined by need based federal formula. Student applies for financial aid from the federal government. 	
OAG #	Total Waiver	IL Res	Missing Records	Observations
21-76	\$1,585	No		
21-77	\$1,020	No		
21-78	\$740	Yes		
21-79	\$440	Yes		
21-80	\$230	Yes		
21-81	\$645	Yes		
SUPPORT STAFF (CIVIL SERVICE)				
University Waiver Program			Eligibility and Selection Criteria	
Support Staff			<ul style="list-style-type: none"> Employed by the University; cannot take more than 11 credit hours for 100% appointment, or not more than 5 credit hours for 50-99% appointment. Approval of the employing department. 	
OAG #	Total Waiver	IL Res	Missing Records	Observations
22-67	\$500	Yes	<ul style="list-style-type: none"> No application No approval of employing department No decision document 	<ul style="list-style-type: none"> Cumulative GPA 4.00
NOTE: Grade Point Average reflects a student's cumulative GPA on transcripts provided to the OAG and may include some 1997 academic course work.				

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/grants, loans, and employment. This university reported in the IBHE *Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	29,564	\$109,738,178
• State programs (e.g., Monetary Award Program, National Guard Grants)	9,806	\$ 26,200,981
• Institutional programs (e.g., Tuition Waivers)	33,827	\$ 76,873,977
• Other sources of funds (e.g., Scholarships, Grants, and Fellowships)	<u>3,220</u>	<u>\$ 6,335,904</u>
TOTAL	76,417	\$219,149,040

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities so we could send a survey questionnaire to the peer universities that were not Illinois public universities already subject to this audit. We asked if peer universities had written tuition waiver policies, if their employees could take courses without paying tuition, if they had limits on waivers, and what documents they used. We also asked for their comments on the impact of waivers. The results of the survey are summarized in Exhibit D below for peer universities that responded.

<i>Exhibit D</i> SURVEY OF PEER UNIVERSITIES						
University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	Waiver Limit	Instruction Cost Covered by Tuition	Documents Used
Columbia University	Yes	Yes	<ul style="list-style-type: none"> Administrators and faculty Employees' dependents Civil service support staff 	No	No response	<ul style="list-style-type: none"> Applications
Johns Hopkins University	Yes	No	<ul style="list-style-type: none"> Administrators and faculty Civil service support staff Employees' dependents Retirees 	Yes - \$5,250 per year maximum for credit courses per family. 50% only waived for family members	5% of Benefits Budget covers employee tuition costs	<ul style="list-style-type: none"> Applications Computerized application process records
Northwestern University	No	<ul style="list-style-type: none"> Athletic Financially needy Employees 	<ul style="list-style-type: none"> Administrators and faculty Civil service support staff Employees' dependents 	No	60-70%	<ul style="list-style-type: none"> Application process followed through financial aid office
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 	No	Not applicable	<ul style="list-style-type: none"> Accounting records Computerized application process records
University of Chicago	Yes	Not applicable	<ul style="list-style-type: none"> Faculty dependents University staff and children 	No	No response	<ul style="list-style-type: none"> Applications
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 and faculty 	Yes - Undergraduate merit and need scholarships budgeted at a maximum of 29.5% of undergraduate tuition	Not available	<ul style="list-style-type: none"> Applications Computerized application process records

<i>Exhibit D</i>						
SURVEY OF PEER UNIVERSITIES						
University	Written Policy	Institutional Waivers	Employees Who Receive Tuition Waivers	Waiver Limit	Instruction Cost Covered by Tuition	Documents Used
University of Texas at Austin	Yes	No	Not applicable	Yes - Veterans exemption: 150 credit hours. Good Neighbor program: 235 students. Competitive Scholarship: 5% of enrollment. General Fee: 5% of enrollment	30%	<ul style="list-style-type: none"> • Applications • Eligibility requirements • Accounting records
University of Washington	No	No	<ul style="list-style-type: none"> • Administrators and faculty • Civil service support staff • Employees' dependents • State National Guard • Senior Citizens • State agency employees 	21% of gross tuition for most tuition waiver programs	41%	<ul style="list-style-type: none"> • Applications
University of Wisconsin - Madison	Yes	No	Not applicable	Statutory limit; may award more if amount reimbursed	34%	<ul style="list-style-type: none"> • Eligibility requirements • Selection criteria • Accounting records • Computerized application process records • Appointment letters • Payroll/bursar cross-checking
Washington University	No	<ul style="list-style-type: none"> • Academic • Employees • Financial need • Employees' children 	<ul style="list-style-type: none"> • Administrators and faculty • Employees' dependents 	No	Not applicable	<ul style="list-style-type: none"> • Applications

SOURCE: OAG survey of peer universities

These peer universities made the following comments:

- **UNIVERSITY OF CALIFORNIA – LOS ANGELES**
“Exempt categories have no effect on other students as no limit is placed on the number awarded.”
- **NORTHWESTERN UNIVERSITY**
“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 SOUTHERN CALIFORNIA**
“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.”
- **UNIVERSITY OF WASHINGTON**
“Tuition is set by the State Legislature. Waivers cause no direct financial impact on students who do not receive waivers. They do not pay higher tuition because some students get waivers.”

F. UNIVERSITY'S COMMENTS ON IMPACT OF WAIVERS

We invited the university to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. University of Illinois commented as follows for all three campuses:

“The University has been invited by the Legislative Audit Commission, which is conducting a review of tuition waiver policies and practices among Illinois public universities, to comment on the question of whether tuition waivers affect tuition rates, and if so, how.

The University receives the vast majority of the funds it spends on instructional activities from two sources: general tax funds from the State of Illinois, and tuition revenue. To the extent that a waiver of tuition represents foregone revenue, the University has essentially three options to address this loss:

- operate its instructional programs more efficiently or with reduced scope;
- secure additional tax resources;
- secure additional tuition revenue through higher tuition rates.

In general terms, it is useful to think of tuition waivers in three broad categories:

- waivers mandated by statute, over which the University has no control;
- waivers granted by the institution, over which the University has some control (waivers for undergraduates are limited by the Board of Higher Education to 3% of total tuition revenue collected and waived);
- waivers granted along with stipends for students performing specified services.

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 the stipend payments are fully taxable. To provide the same cash value to a graduate assistant, the University would have to recognize the impact of federal and state taxes on any additional stipends paid to assistants in lieu of waivers. Assuming that graduate assistants would fall into the 15% federal tax bracket and would be subject to a 3% state tax assessment, 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 the 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. By using tuition

waivers instead of direct stipends alone, the University reduced instructional costs by approximately \$11 million, thereby providing a savings - and not a further cost requirement - in tuition and general tax fund requirements to support instruction.

Tuition waivers are also provided in concert with fellowships offered to attract persons with outstanding or diverse academic talent to graduate study at the University of Illinois. Students attracted to the University in this manner are among the most academically competitive in the nation, and are recruited by a number of other top-quality universities. Without a competitive fellowship/waiver package, they simply would not attend the University of Illinois, and thus the tuition which the University offers to waive for such students cannot be viewed as foregone revenue. For FY 1996 the value of waivers granted in this category approximated \$7.0 million.

Other waivers in the statutory and instructional categories do represent foregone revenue to the University. There are many sound reasons for granting such waivers: to enhance the academic and other talents available within the student body; to provide additional benefits to employees, either for pursuing their own educational programs, or for those of their dependent children; and of course, to recognize programs mandated by Illinois statutes. For example, providing waivers to employees to further their education, or to partially offset the cost of tuition for their children, is a direct fringe benefit which helps, to some extent, offset the need to pay University faculty and staff higher salaries. Such waivers are common in higher education institutions and serve as a recruitment and retention feature of faculty, in particular. Similarly, waivers granted to employees of other agencies which cooperate with the University in providing supervision of student interns or other services which enhance the quality of our academic programs might also be viewed as an economically attractive alternative to paying higher direct salaries.

Institutional waivers offered for scholarships or other talents to undergraduates are specifically capped by policy of the Illinois Board of Higher Education (IBHE) at 3% of total tuition collected and waived. The IBHE monitors this cap annually and makes budget reductions for any institution exceeding this policy. Along with waivers mandated by statute, these undergraduate institutional waivers are among the most direct examples of foregone institutional revenue. These institutional and statutory waivers, valued at approximately \$13 million in FY 1996, do represent foregone revenue that affects the rate of tuition for those who do pay and the amount required from general tax support in order to sustain the funding of University instructional programs. The precise dollar impact on tuition rate is not determinable. Of course the overall educational program of the University gains strong advantages from having a talented and diverse student body for which the application of institutional tuition waivers play a significant role.”

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main audit report:

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.
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.
3. The University of Illinois should implement its policy to follow up with General Assembly nominees whose addresses are outside the awarding legislators' districts.
4. Each State university should maintain complete selection records on individuals selected to receive a tuition waiver.
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.
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.

H. UNIVERSITY'S RESPONSE TO THE AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from the University of Illinois is reproduced on the following pages.



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.

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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.

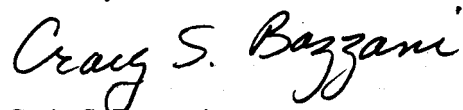
University Response

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

SUPPLEMENT
Management Audit of Tuition and Fee Waivers

Report By University
WESTERN ILLINOIS UNIVERSITY

This Supplement to the Management Audit of Tuition and Fee Waivers contains the sections listed below. The chapters in the separate audit report contain findings, recommendations, and additional information on all State universities, the Illinois Board of Higher Education, and other related entities.

- A. Tuition and Fee Waivers
- B. Management Controls
 - Award Process
 - Data Entry Controls
- C. Sample of Individual Waivers
 - Compliance with State Laws
 - Institutional Waivers
- D. Financial Aid
- E. Peer Universities Survey
- F. University's Comments on Impact of Waivers
- G. Recommendations
- H. University's Response to the Audit

A. TUITION AND FEE WAIVERS

Western Illinois University (WIU) reported having 12,115 full-time and part-time students in fall 1995. WIU awarded 2,240 tuition waivers to 2,209 students. Of these, 963 waivers were for undergraduates and 1,277 were for graduate students. The value of tuition waivers was \$2,745,620 (including the \$2,613 net difference in bullet number two) and fees waivers was \$56,747. The total tuition revenue (excluding tuition waivers) at WIU was \$19,689,100 (see Exhibit A).

Each year universities report the number and amount of waivers to the Illinois Board of Higher Education (IBHE). WIU's fiscal year 1996 data submitted to the Office of the Auditor General (OAG) contained discrepancies which are noted below:

- WIU under-reported the number of waivers to the IBHE as compared to its submission to the OAG (1,610 vs. 2,240). It reported the highest number of waivers in a waiver program during any of the three semesters in a fiscal year. For example, if a tuition waiver program had 10 recipients during the fall semester, 9 *different* recipients during the spring semester, and 8 still *different* recipients during the summer semester, WIU would report the number of tuition waivers as 10 instead of 27. University officials agreed that the recipients may vary each term and said they have obtained better software to track recipients.

<i>Exhibit A</i> VITAL STATISTICS <i>Fiscal Year 1996</i>	
Full-Time Students*	8,836
Part-Time Students*	3,279
Graduate Students*	2,509
Undergraduate Students*	9,606
Graduate	
• Tuition Waivers	1,277
• Amount	\$1,611,350
Undergraduate	
• Tuition Waivers	963
• Amount	\$1,131,657
Tuition Revenue (excluding tuition waivers)	\$19,689,100
Financial Aid (including tuition waivers)	\$45,816,048
* Fall 1995 only. SOURCE: OAG analysis of IBHE, and university data.	

- WIU included 217 fiscal year 1995 waivers (worth \$31,688) in fiscal year 1996 because their paperwork was not completed until fiscal year 1996. Likewise, 455 fiscal year 1996 waivers (worth \$34,301) were not reported until fiscal year 1997. The net difference was a \$2,613 increase.

Exhibit B shows the waivers for fiscal years 1994 through 1996.

Exhibit B									
WAIVERS BY PROGRAM									
UNDERGRADUATE									
WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Academic	77	\$55,000	0	56	\$45,100	0	87	\$51,447	0
Athletic	167	308,400	0	154	279,800	0	161	285,705	0
Children of Employees	97	90,900	0	106	94,800	0	136	105,155	0
Cooperating Teachers	4	3,900	\$900	6	4,900	\$1,200	11	2,701	\$665
Dependents of Employees	3	6,200	1,700	5	7,000	1,700	6	10,644	3,045
Faculty/Administrators	8	5,300	1,000	9	11,600	1,200	11	5,890	1,429
Fund For Post Secondary Ed.	0	0	0	2	5,800	600	0	0	0
General Assembly	79	144,900	0	68	120,700	0	76	139,252	0
Other	1	2,800	0	1	200	0	3	7,380	728
Other – Talent	60	44,800	0	76	50,100	0	108	42,003	0
Out-of-State	156	575,500	0	84	281,700	0	86	197,173	0
ROTC	61	110,100	0	68	127,900	0	94	154,368	0
Senior Citizens	2	2,500	300	3	1,700	200	3	1,788	170
Special Education	31	57,600	0	26	51,100	0	20	36,912	0
Support Staff (Civil Service)	86	68,900	10,400	93	76,600	14,400	156	81,351	15,681
Wards of DCFS	14	23,100	8,700	11	20,400	5,900	5	9,889	2,846
Undergraduate Sub-Total	846	\$1,499,900	\$23,000	768	\$1,179,400	\$25,200	963	\$1,131,657	\$24,563
GRADUATE									
WAIVER PROGRAM	FISCAL YEAR 1994			FISCAL YEAR 1995			FISCAL YEAR 1996		
	Number	Tuition	Fees	Number	Tuition	Fees	Number	Tuition	Fees
Cooperating Teachers	125	\$107,800	\$8,500	170	\$115,100	\$11,600	392	\$132,031	\$15,184
Faculty/Administrators	37	22,600	3,600	47	29,800	6,500	111	41,756	9,378
General Assembly	1	4,400	0	3	3,500	0	9	3,904	0
Graduate Assistantships	412	969,400	0	435	1,256,400	0	585	1,274,059	0
Other Talent	0	0	0	0	0	0	1	550	0
Out-of-State	92	206,700	0	95	194,300	0	115	120,303	0
Senior Citizens	1	100	100	0	0	0	0	0	0
Special Education	1	800	0	2	3,600	0	4	4,671	0
Support Staff (Civil Service)	30	22,600	3,800	37	22,500	5,300	60	34,076	7,622
Graduate Sub-Total	699	\$1,334,400	\$16,000	789	\$1,625,200	\$23,400	1,277	\$1,611,350	\$32,184
TOTAL	1,545	\$2,834,300	\$39,000	1,557	\$2,804,600	\$48,600	2,240	\$2,743,007*	\$56,747
NOTE: Totals may not add by several dollars due to rounding of multiple programs.									
* WIU included 217 fiscal year 1995 waivers (worth \$31,688) in fiscal year 1996 because their paperwork was not completed until fiscal year 1996. Likewise, 455 fiscal year 1996 waivers (worth \$34,301) were not reported until fiscal year 1997.									
SOURCE: University data provided to IBHE (fiscal years 1994 and 1995) and Office of the Auditor General (fiscal year 1996).									

B. MANAGEMENT CONTROLS

Management controls are embedded in an organization's structure, policies, procedures, decision processes, internal evaluations, and reporting systems. The audit examined WIU's written policies and procedures pertaining to tuition and fee waivers and its methods for awarding waivers. We also reviewed controls over the entry of tuition waiver data into computer systems. WIU had some written tuition waiver policies but university-wide policies generally did not address the following:

- Process for determining the total waivers to be awarded by the university.
- Purpose of tuition and fee waivers.
- Requirements that should be met to create institutional waiver programs.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting on waivers.
- System for monitoring waiver programs.
- Cut-off date for accepting waivers.
- 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.

Internal audits or other reviews of tuition waivers were not performed during fiscal years 1994-96.

AWARD PROCESS

WIU officials said they estimated the amount of undergraduate institutional waivers. Of this amount, one-quarter was allocated to the Athletics Department. Graduate waivers were determined by the funding available for stipends; each graduate assistant working half time or more received a full tuition waiver. Officials explained the award process as follows:

- The Tuition Waiver Committee determines allocations of all non-athletic tuition waivers. This Committee is comprised of ten voting members, five faculty members and five students. The Committee is responsible for reviewing all requests for tuition waiver allocations and making recommendations for distribution of these waivers by program to the President and Vice Presidents.
- The Athletic Department determines allocations of their waivers.
- The Graduate Studies Office, College Deans, and departments determines graduate student waivers.

Students who wanted tuition waivers needed to contact the appropriate departments and submit the required paperwork. Records on waivers were kept at the following locations:

- Departments/colleges retained applications, correspondence, etc.
- Financial Aid Office kept official notification of all student tuition waivers.
- Accounting Office retained actual transactions.
- Human Resources had information on employees taking courses.
- Applications and notification memoranda regarding statutory waivers was retained in the office administering the waiver program.

University officials said only Cooperating Teachers were awarded tuition waivers in lieu of compensation. A university policy authorized these waivers as a tool to encourage continuing education and aid recruitment.

DATA ENTRY CONTROLS

The university did not have written procedures regarding entry of tuition waivers in the computer system. Data entered was not reconciled by the supervisor.

C. SAMPLE OF INDIVIDUAL WAIVERS

During fieldwork, we sampled 149 tuition waivers at WIU from fiscal year 1996 to review the university's selection process. We randomly selected the sample from statutory and institutional tuition waiver programs. The results of our review are summarized below and detailed in the next two sections. The percent of documents missing is calculated based on applicable documents (applicable documents are discussed in the section "Waivers Sampled" of Chapter 4).

Statutory Waivers

- 16 of 39 waivers (41%) did not have written application forms or application letters.
- 1 of 57 waivers (2%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- All 57 waivers had documentation of the decision to award the waiver.
- 16 of 16 waivers (100%) did not have a written contract for ROTC.

Institutional Waivers

- 9 of 52 waivers (17%) did not have written application forms or application letters.
- 14 of 82 waivers (17%) did not satisfy all eligibility and selection criteria or the criteria were not in writing.
- All 82 waivers had documentation of the decision to award the waiver.
- 3 of 39 waivers (8%) did not have a written contract (mostly for graduate assistants).

WIU did not provide information on the number of individuals who applied for a waiver but were rejected.

COMPLIANCE WITH STATE LAWS

State statutes have established programs to waive tuition for certain categories of individuals. We reviewed WIU's compliance with these laws, primarily for individuals in our sample. All waiver recipients with a cumulative grade point average (GPA) of 3.75 or above are noted in this section, as are waiver recipients with a cumulative GPA of 2.0 or below. Furthermore, if other documents were missing, such as required contracts, they are also noted below.

☆ **CHILDREN OF EMPLOYEES.** Twenty-three individuals in our random sample at WIU received this waiver in fiscal year 1996. WIU documented that all recipients sampled met statutory requirements. The sample also indicated two individuals had a cumulative GPA above 3.75 and three individuals had a cumulative GPA below 2.0.

⌚ **RESERVE OFFICER'S TRAINING CORPS.** WIU exceeded the limit of ten ROTC recipients during fiscal year 1996 because it permits 40 recipients per semester. WIU did not maintain the application forms of individuals who applied for this waiver. Sixteen individuals in our random sample received this waiver in fiscal year 1996; it indicated one individual withdrew from all courses and lost the waiver and three individuals had a cumulative GPA below 2.0.

⌚ **SENIOR CITIZENS.** No recipients in our random sample at this university received this waiver in fiscal year 1996.

⌚ **SPORTS EQUITY IN INTERCOLLEGIATE ATHLETICS.** WIU did not award any Sports Equity waivers in fiscal year 1996.

⌚ **TALENT WAIVERS.** IBHE reported that the university did not exceed the three percent limit on undergraduate waivers for fiscal year 1996. For details about these waivers, see the section below titled "Institutional Waivers."

⌚ **TEACHERS SCHOLARSHIPS (SPECIAL EDUCATION).** Four individuals in our random sample at WIU received this waiver in fiscal year 1996. The sample indicated WIU had the required certificate from the Illinois Student Assistance Commission showing a tuition waiver was authorized. Two of these individuals had a cumulative GPA above 3.75.

⌚ **GENERAL ASSEMBLY.** Fourteen individuals in our random sample received this waiver in fiscal year 1996. The results indicated the following:

- One recipient had an address outside the awarding legislator's district.
- Three individuals had a cumulative GPA below 2.0 and three individuals had a cumulative GPA above 3.75.

⌚ **WARDS OF DCFS.** No recipients in our random sample at this university received this waiver in fiscal year 1996.

INSTITUTIONAL WAIVERS

During fieldwork, we sampled 92 institutional waivers at this university to determine if they had applications, eligibility and selection criteria, decision documents, and contracts when applicable. The results of this review are summarized below in Exhibit C and are in alphabetical order by the IBHE tuition waiver program name (the university waiver program name is also provided since it may have been different). The “Observations” column includes cumulative grade point averages if they were 3.75 and above or 2.00 and below; graduate students whose GPA were below 3.00 are also reported.

<i>Exhibit C</i>				
INSTITUTIONAL WAIVER PROGRAMS				
ACADEMIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Academic Talent - Music				<ul style="list-style-type: none"> • Application. • Audition. • Full-time student. • Good academic standing. • Free from disciplinary probation.
Academic Talent - Physical Education				
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
10-073	\$1,968.00	Yes	<ul style="list-style-type: none"> • No application • No audition 	Individual given a waiver instead of being paid for his services to the Athletic Department. Officials stated that the student was “hired by the Athletic Department to work within the Athletic Academic Advising program.” Individual withdrew from 1 course during audit period.
10-074	\$ 500.00	Yes	<ul style="list-style-type: none"> • No application • No audition • No contract 	This music major received 1 D during audit period.
10-075	\$ 400.00	Yes	<ul style="list-style-type: none"> • No contract 	This music major received 2 D’s, 6 F’s, withdrew from 1 course, and audited 1 course during audit period. Cumulative GPA was 1.3. Individual was placed on academic probation.
10-076	\$ 150.00	Yes	<ul style="list-style-type: none"> • No application • No audition • No contract 	This music major received 2 D’s, 2 F’s, and withdrew from 2 courses during audit period.
ATHLETIC				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Athletic Talent				<ul style="list-style-type: none"> • N/A (Athletes selected by coaches).
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
11-065	\$1,968.00	Yes		Individual received 2 F’s and withdrew from 1 course during audit period.
11-066	\$1,968.00	Yes		
11-067	\$1,968.00	Yes		Individual withdrew from 1 course and received 1 D during audit period.
11-068	\$1,968.00	Yes		Individual received 3 D’s, 1 incomplete, withdrew from two classes, and had a 2.0 cumulative GPA.
11-069	\$1,968.00	Yes		
11-070	\$ 984.00	Yes		Individual received 2 D’s, 2 F’s, 1 incomplete, and had a 0.45 cumulative GPA. Placed on academic suspension.
11-071	\$ 984.00	Yes		Individual received 6 D’s and withdrew from 1 course, and

				had a 1.86 cumulative GPA.
11-072	\$ 984.00	No		This non-Illinois resident received a waiver at the in-state rate. Individual received 1 D during audit period.
COOPERATING TEACHERS				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Cooperating Teachers				<ul style="list-style-type: none"> • Certificate signed by the original individual/school administrator. • Support that supervision occurred. • Used within 1 year.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
12-046	\$ 555.00	Yes		Individual had a 4.0 cumulative GPA.
12-047	\$ 332.25	Yes		Individual had a 4.0 cumulative GPA.
12-048	\$ 110.75	Yes		Individual had a 3.85 cumulative GPA.
12-049	\$ 605.50	Yes		Individual had a 4.0 cumulative GPA.
12-050	\$ 199.35	Yes		Individual withdrew from course during audit period and had a 4.0 cumulative GPA.
12-051	\$1,329.00	Yes		
12-052	\$ 259.50	Yes		Individual had a 4.0 cumulative GPA.
12-053	\$ 259.50	Yes		Individual withdrew from course during audit period.
12-054	\$ 221.50	Yes		
12-055	\$ 204.00	Yes		Individual had a 4.0 cumulative GPA.
12-056	\$ 605.50	Yes		Individual had a 4.0 cumulative GPA.
12-057	\$ 173.00	Yes		Individual had a 4.0 cumulative GPA.
12-058	\$ 764.75	Yes		
12-059	\$ 346.00	Yes		Individual had a 3.75 cumulative GPA.
12-060	\$ 259.50	Yes		Individual had a 4.0 cumulative GPA.
12-061	\$ 121.10	Yes		Individual withdrew from course during audit period and had a 3.85 cumulative GPA.
12-062	\$ 86.50	Yes		Individual had a 4.0 cumulative GPA.
12-063	\$ 173.00	Yes		Individual had a 4.0 cumulative GPA.
12-064	\$ 259.50	Yes		Individual had a 4.0 cumulative GPA.
DEPENDENTS OF STAFF				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Dependents of Staff				<ul style="list-style-type: none"> • The natural, adopted, foster or step-child, or a spouse of an employee who dies while still employed by the university, is entitled to an undergraduate tuition waiver.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
13-045	\$2,550.00	Yes		
FACULTY/ADMINISTRATORS				
<i>University Waiver Program</i>				<i>Eligibility and Selection Criteria</i>
Faculty/Administrators				<ul style="list-style-type: none"> • University employee. • Enrolled in 2 courses or 6 credit hours, whichever is less.
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
14-029	\$ 332.25	Yes		
14-030	\$ 318.75	Yes		Individual had a 4.0 cumulative GPA.
14-031	\$ 259.50	Yes		Individual had a 4.0 cumulative GPA.
14-032	\$ 332.25	Yes		
14-033	\$ 318.75	Yes		Individual had a 3.78 cumulative GPA.
14-034	\$ 886.00	Yes		

GRADUATE ASSISTANTS				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Graduate Assistantships			<ul style="list-style-type: none"> • Application/Nomination. • Statement of Personal Goals. • Letter of Recommendation. • Graduate student. • Accepted into degree program. • Full-time Student. <p><u>Maintaining Criteria</u></p> <ul style="list-style-type: none"> • Maintained 3.0 GPA. • Maintain full-time status. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
16-001	\$4,065.50	No		Out-of-state student with a 50% assistantship for one semester during audit period; should have received an out-of-state waiver for that one semester during audit period, which would have been an additional \$1,903 in tuition waived.
16-002	\$2,508.50	No	<ul style="list-style-type: none"> • No letter of recommendation 	Individual had a 4.0 cumulative GPA.
16-003	\$1,297.50	No		Although contract states “9 to 12” credit hours, individual took and was waived 13 credit hours during audit period. WIU approves additional credit hours on a case by case basis.
16-004	\$1,733.00	Yes		
16-005	\$1,038.00	No	<ul style="list-style-type: none"> • No letter of recommendation 	Out-of-state student with a 50% assistantship; should have received an out-of-state tuition rate, which would have been an additional \$2,076 in tuition waived.
16-006	\$2,595.00	Yes	<ul style="list-style-type: none"> • No statement of personal goals 	Individual received a D for a class during audit period.
16-007	\$ 519.00	Yes		Individual did not maintain a 3.0 GPA as required (GPA was 0.0). Received an F and an incomplete for only semester receiving the waiver during audit period. Graduate Assistantship for this individual was canceled for following semester, according to WIU records.
16-008	\$1,816.50	Yes	<ul style="list-style-type: none"> • No letter of recommendation 	Individual had a 3.78 cumulative G.P.A.
16-009	\$1,816.50	No		Individual took one course on pass/fail basis.
16-010	\$ 605.50	Yes		Individual had a 3.79 cumulative GPA.
16-011	\$ 865.00	Yes		Individual had a 3.95 cumulative GPA.
16-012	\$5,449.50	No	<ul style="list-style-type: none"> • No application 	
16-013	\$1,816.50	Yes		Although contract states “9 to 12” credit hours, individual took and was waived 14 credit hours during audit period. WIU approves additional credit hours on a case by case basis. Individual had a 3.85 cumulative GPA.
16-014	\$1,557.00	Yes	<ul style="list-style-type: none"> • No application • No statement of personal goals 	This individual showed a withdrawal pattern from classes, thus completing less than a full-time class load during audit period. WIU only checks registration status after first 10 days of classes even though students are able to withdrawal up until the last week of classes.
16-015	\$2,854.50	Yes		Computer records and accounting office records submitted to us showed the individual received a waiver in summer 1996. Transcripts did not indicate that classes were taken during summer 1996. WIU corrected its accounting records in fiscal year 1997. Individual withdrew from a course and took 2 incompletes during spring 1996.
16-016	\$2,335.50	Yes	<ul style="list-style-type: none"> • No letter of 	Although contract states “9 to 12” credit hours, individual

			recommendation	took and was waived 13 credit hours. WIU approves additional credit hours on a case by case basis.
16-017	\$ 945.50	Yes		
16-018	\$1,557.00	Yes		Individual had a 3.77 cumulative GPA.
16-019	\$5,449.50	No		Individual had a 3.92 cumulative GPA.
16-020	\$1,297.50	Yes	<ul style="list-style-type: none"> No statement of personal goals 	Individual had a 3.75 cumulative GPA.
16-021	\$2,681.50	Yes		Individual had a 4.0 cumulative GPA.
16-022	\$7,525.50	No		Although contract states "9 to 12" credit hours, individual took and was waived 13 credit hours for one semester and 14 credit hours for another semester during audit period. WIU approves additional credit hours on a case by case basis. Individual had a 4.0 cumulative GPA.
16-023	\$1,384.00	No		Individual had a 4.0 cumulative GPA.
16-024	\$2,076.00	No		Individual had a 3.88 cumulative GPA.
16-025	\$1,124.50	No	<ul style="list-style-type: none"> No application No statement of personal goals 	University stated that individual was a Peace Corps Fellow, therefore, was not subject to the same requirements as other graduate assistants.
16-026	\$6,228.00	No		Individual had a 3.76 cumulative GPA.
16-027	\$ 259.50	No	<ul style="list-style-type: none"> No application 	
16-028	\$7,785.00	No		Although contract states "9 to 12" credit hours, individual took and was waived 15 credit hours during audit period. WIU approves extra credit hours on a case by case basis. Individual had a 3.91 cumulative GPA.
OTHER				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
FIPSE (Funds for Improvement of Post Secondary Education)			<ul style="list-style-type: none"> N/A (selection is made by cooperating country). 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
18-092	\$2,460.00	No		Individual was misclassified as a FIPSE recipient in fall 1995 and a graduate assistant for spring 1996. Individual was actually an exchange student in the Study Abroad Program. WIU officials said university has now instituted a new policy regarding record keeping and accounting for these students.
OTHER TALENT				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Other Talent - Dance Theatre Other Talent - Student Affairs Government Other Talent - University Honors			<ul style="list-style-type: none"> Varied by type of talent. 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
19-077	\$ 10.00	Yes	<ul style="list-style-type: none"> No application No written criteria 	This Other Talent - Dance Theatre waiver was awarded for \$10 instead of paying student to play in a concert. Another \$10 grant was awarded for same reason. Individual received 3 D's and 2 F's during audit period.
19-078	\$ 650.00	Yes		
19-079	\$ 300.00	Yes		This Other Talent waiver recipient received 1 D and withdrew from 2 courses during audit period.
19-080	\$ 300.00	Yes		
19-081	\$ 550.00	Yes	<ul style="list-style-type: none"> No application No written criteria 	This Other Talent - Dance Theatre waiver was awarded a waiver instead of being paid \$5/hour for playing 90 hours of music (\$450), plus \$100 for rehearsals and composing.

				Individual took undergraduate courses and received 1 D, 4 F's, and 1 withdrawal. For the only graduate course taken this individual received an A (cumulative GPA of 4.0).
19-082	\$ 275.00	Yes		
OUT-OF-STATE				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Out-of-State			<ul style="list-style-type: none"> • Collar County of neighboring state. • First year enrollment or establishment of residency (not required if less than 9 credit hours). 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
20-083	\$1,968.00	No	• No establishment of residency	Individual received 2 D's during audit period.
20-084	\$ 346.00	No		Individual had a 3.76 cumulative GPA.
20-085	\$2,076.00	No		
20-086	\$1,211.00	No		Individual had a 4.0 cumulative GPA.
20-087	\$1,384.00	No		Individual had a 3.85 cumulative GPA.
20-088	\$1,557.00	No		Individual received 1 incomplete during audit period.
20-089	\$1,968.00	No		Individual had a 3.79 cumulative GPA.
20-090	\$1,476.00	No		Individual was misclassified as receiving an out-of-state waiver, when they in fact did not receive any tuition waiver. Should not have been included in the list of fiscal year 1996 waiver recipients. Individual had a 4.0 cumulative GPA.
20-091	\$ 519.00	No		Individual had a 4.0 cumulative GPA.
SUPPORT STAFF (CIVIL SERVICE)				
<i>University Waiver Program</i>			<i>Eligibility and Selection Criteria</i>	
Support Staff			<ul style="list-style-type: none"> • Civil Service employee of WIU. • Full time employee can receive a waiver up to 6 credit hours per semester (18 credit hours per academic year); OR ½ time employee can receive a waiver up to 3 credit hours per semester (9 credit hours per academic year). 	
<i>OAG #</i>	<i>Total Waiver</i>	<i>IL Res</i>	<i>Missing Records</i>	<i>Observations</i>
22-035	\$ 519.00	Yes		Individual took 2 incompletes during audit period.
22-036	\$1,248.75	Yes		
22-037	\$ 212.50	Yes		
22-038	\$1,719.50	Yes		Individual had a 3.88 cumulative GPA.
22-039	\$1,457.50	Yes		
22-040	\$ 425.00	Yes		
22-041	\$ 332.25	Yes		Individual audited the only course registered for during audit period.
22-042	\$ 318.75	Yes		
22-043	\$ 492.00	Yes		
22-044	\$ 531.25	Yes		Individual had a 4.0 cumulative GPA.

D. FINANCIAL AID

The Illinois Board of Higher Education defines financial aid as tuition waivers, scholarships/ grants, loans, and employment. This university reported in the IBHE *Fiscal Year 1996 Financial Aid Survey For Public Universities* that assistance was given from the following sources of funds:

	<u>Number</u>	<u>Amount</u>
• Federal programs (e.g., Pell Grants, Perkins Loans)	4,273	\$ 6,583,596
• State programs (e.g., Monetary Award Program, National Guard Grants)	11,374	\$28,632,231
• Institutional programs (e.g., Tuition Waivers)	7,362	\$ 7,558,928
• Other sources of funds (e.g., Scholarships, Grants, and Fellowships)	<u>1,607</u>	<u>\$ 3,041,293</u>
TOTAL	24,616	\$45,816,048

E. PEER UNIVERSITIES SURVEY

We requested university officials to name their peer universities so we could send them a survey questionnaire if they were not Illinois state universities already subject to this audit. The questionnaire asked these peer universities if they had written tuition waiver policies, if their employees could take courses without paying tuition, if they had limits on waivers, and what documents they used. The two out-of-state universities that WIU named as being peer universities were sent a survey questionnaire but did not respond.

F. UNIVERSITY'S COMMENTS ON IMPACT OF WAIVERS

We invited WIU to comment on the impact of tuition waivers, particularly on students who do not receive tuition waivers, to help address determination number eight of the audit Resolution. WIU commented as follows:

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. (This same problem, of course, affects those in the commercial economy who deal in flexibly priced merchandise, such as homes and autos.)

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 capita 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. This approach is used almost universally among private colleges and universities. Offering a partial tuition waiver each year has, of course, the same effect. Put in commercial terms, these amount to the kinds of “sale prices” that are mainstays in commercial economy.

Some tuition waivers could be considered, in commercial terms, as “loss leaders”. Suppose, for example, that a University seeks to establish itself as the leading institution in the state (or the region or nation) in a certain discipline. The effort requires three things: the best faculty members, the best support items, and the best students. A wealth of research suggests that the most important of the three (surprisingly) is the best students. A temporary program of offering tuition discounts or waivers to students of a certain high level of credentials would be an extremely effective way of creating a pipeline of outstanding students in later years.

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.

Our understanding of IBHE rules is that out-of-state tuition should meet the calculated cost of instruction. WIU’s out-of-state tuition rate substantially exceeds the cost of instruction, and by charging out first-year Iowa/Missouri students the published in-state rate, WIU does not reduce total tuition revenues below the cost of instruction for these students. Thus, while the Iowa/Missouri program represents a reduction in revenues collected, it is invaluable as a recruitment tool, as many of these students continue their education at WIU.

G. RECOMMENDATIONS

The audit found similar issues regarding the management of tuition waivers at State universities and made the following recommendations in the main audit report:

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

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.

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.

H. UNIVERSITY'S RESPONSE TO THE AUDIT

After providing State universities a draft report and discussing issues of concern to them, they were invited to submit a written response to the audit. The written response that we received from WIU is reproduced on the following pages.



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AUDITOR GENERAL
SPFLD.

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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.