

Management Audit of Tuition and Fee Waivers

Summary Report

Follow-up on Recommendations made in 1998

In April 1998, the Office of the Auditor General released the Management Audit of Tuition and Fee Waivers conducted pursuant to Legislative Audit Commission Resolution Number 108. The audit concluded that: Statewide guidelines for awarding waivers were minimal; the administration of waivers by universities was decentralized; and universities had few written policies guiding the administration of waiver programs.

The audit made ten recommendations to State universities and the Illinois Board of Higher Education (IBHE) to improve the awarding, management, and reporting of waivers. The universities and the IBHE agreed to implement the recommendations. This follow-up for Fiscal Year 2000 reports on the status of these recommendations.

The follow-up was conducted as part of the Fiscal Year 2000 financial and compliance audits of the State universities, each of which contain a finding and recommendation on their waiver programs. The IBHE provided updated responses to the 1998 management audit since it was not audited in Fiscal Year 2000.

CONCLUSIONS

In Fiscal Year 2000, State universities awarded \$142 million in tuition and fee waivers. This represents a 17 percent increase from the \$121 million in waivers universities awarded in Fiscal Year 1996, the time period covered in our management audit.

Of the \$142 million in waivers for Fiscal Year 2000, \$117 million (82%) were graduate waivers, while \$25 million (18%) were undergraduate waivers. The University of Illinois accounted for 73 percent (\$103.3 million) of the waivers awarded in Fiscal Year 2000.

Our follow-up work focused on waivers awarded by universities in Spring 2000. The nine State universities waived 21 percent of all tuition charges in Spring 2000. Total tuition charged during this semester was \$278 million, of which \$59 million was waived, resulting in \$219 million in tuition revenue.

Two of the ten recommendations from our 1998 management audit have been implemented. The IBHE and State universities continue to work on implementing the remaining eight recommendations.

The IBHE has implemented the 1998 management audit's recommendation to develop a comprehensive policy to help ensure consistent reporting of waivers by universities. In June 1999, the IBHE issued the "Public University Tuition and Fee Waiver Guidelines" which State universities are required to follow in the accounting and reporting of waivers.

State universities have made progress in developing the tuition waiver policies recommended in the management audit. However, at the end of Fiscal Year 2000, most did not have written policies that conformed with the 1998 management audit recommendations or the IBHE Guidelines.

In our follow-up work, we tested the adequacy of university documentation for the waivers awarded. We concluded that the universities need to continue to work at improving their waiver documentation. Approximately 39 percent of the 280 waivers sampled were missing at least one applicable document. Universities also did not use an internal checklist, as the management audit recommended, to help ensure the waivers were supported by complete documentation.

In Fiscal Year 2000, the State's nine public universities waived \$142 million in tuition and fees.

BACKGROUND

In Fiscal Year 2000, the State's nine public universities waived \$141.7 million in tuition and fees. The \$141.7 million in waivers awarded in Fiscal Year 2000 represents a 17 percent increase over the amount of waivers awarded in Fiscal Year 1996 (\$121.5 million).

As shown in Exhibit 1, most of the increase in the amount of waivers awarded occurred at the University of Illinois (\$17.1 million) and Northern Illinois University (\$2.6 million). The value of waivers awarded by three universities actually decreased from Fiscal Year 1996 to Fiscal Year 2000 -- Chicago State, Southern Illinois, and Western.

| Exhibit 1 TUITION AND FEE WAIVERS Fiscal Years 1996 and 2000 (in thousands) | | |
|--|--------------------|--------------------|
| University | FY 1996 | FY 2000 |
| Chicago State | \$950.3 | \$809.3 |
| Eastern | \$2,415.7 | \$3,126.5 |
| Governors State | \$492.5 | \$595.4 |
| Illinois State | \$5,357.9 | \$6,224.1 |
| Northeastern | \$1,354.0 | \$1,678.2 |
| Northern | \$7,988.1 | \$10,556.3 |
| Southern | \$13,914.3 | \$12,614.9 |
| University of Illinois | \$86,195.0 | \$103,275.8 |
| Western | \$2,802.4 | \$2,794.0 |
| TOTAL | \$121,470.2 | \$141,674.5 |
| Source: 1998 OAG Management Audit and IBHE. | | |

The amount of waivers awarded by six universities increased from Fiscal Year 1996 to Fiscal Year 2000, while the amount awarded decreased over the same time period at the other three universities.

The University of Illinois accounted for 73 percent (\$103.3) of waivers awarded in Fiscal Year 2000. Southern and Northern both awarded more than \$10 million in waivers (\$12.6 and \$10.6 million respectively).

As shown in Exhibit 2, most of the waivers awarded went to graduate students (82%), while the remainder went to undergraduate students (18%). The largest individual waiver program was Graduate Assistants -- over \$94 million in Fiscal Year 2000, representing two-thirds of all tuition and fee waivers.

| Exhibit 2 GRADUATE AND UNDERGRADUATE TUITION AND FEE WAIVERS Fiscal Year 2000 (in thousands) | | | |
|---|----------------------|--------------------|--------------------|
| <i>University</i> | <i>Undergraduate</i> | <i>Graduate</i> | <i>Total</i> |
| CSU | \$ 519.3 | \$ 290.0 | \$ 809.3 |
| EIU | 1,736.3 | 1,390.2 | 3,126.5 |
| GSU | 140.1 | 455.3 | 595.4 |
| ISU | 3,222.7 | 3,001.4 | 6,224.1 |
| NEIU | 613.2 | 1,065.0 | 1,678.2 |
| NIU | 2,927.7 | 7,628.6 | 10,556.3 |
| SIU | 3,469.7 | 9,145.2 | 12,614.9 |
| U of I | 10,942.7 | 92,333.1 | 103,275.8 |
| WIU | <u>1,257.2</u> | <u>1,536.8</u> | <u>2,794.0</u> |
| TOTAL | \$24,828.9 | \$116,845.6 | \$141,674.5 |

Source: OAG from IBHE reports.

STATUS OF RECOMMENDATIONS

The Management Audit of Tuition and Fee Waivers made ten recommendations which the Illinois Board of Higher Education and the State universities agreed to implement. As of June 30, 2000, more than two years after the audit’s release, eight of the recommendations were not fully implemented. The status of each recommendation is discussed below.

**RECOMMENDATION
NUMBER 1**

IMPLEMENTED

IBHE REPORTING GUIDANCE

The 1998 management audit stated that universities needed more specific guidance on reporting tuition waivers. The audit recommended the IBHE should review tuition waiver programs to ensure duplicate programs are consolidated. Assigning similar tuition waiver programs different names increases the number of programs and can cause confusion. The lack of consistent information reduces the value of reports and makes comparisons among universities less meaningful.

On June 23, 1999, the IBHE issued the “Public University Tuition and Fee Waiver Guidelines” in response to this recommendation. These Guidelines provide detailed direction pertaining to the following areas:

| Fiscal Year 2000 Status of Recommendation # 1 | Agency | Recommendation Implemented? |
|---|--------|-----------------------------|
| 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. | | |
| | IBHE | YES |

1. **Uniform Reporting Guidelines** – establish a standardized list of waiver programs and define waiver programs to eliminate duplication and facilitate uniform reporting.
2. **Common Waiver Reporting Formats** – provide common tuition and fee waiver reporting format.
3. **Principles for University Written Procedures** – require written policies and procedures regarding waiver approvals and allocations, waiver applications, student eligibility and selection, waiver agreements, records and retention, and monitoring.
4. **Other IBHE and University Procedures** – address limits on waivers, internal audits, and universities’ implementation of recommendations.
5. **Implementation** – direct universities to incorporate the IBHE guidelines in university policies and procedures.

RECOMMENDATION NUMBER 2

PARTIALLY IMPLEMENTED

6 of 9 universities were still developing written procedures for reporting tuition waivers.

UNIVERSITY REPORTING PROCEDURES

The 1998 management audit reported that State universities’ internal and external accounting for the dollar amount and number of tuition and fee waivers was inconsistent and incorrect and needed to be improved. During the 1998 management audit, universities had difficulty providing supporting data for their Fiscal Year 1996 tuition waivers and the data provided did not agree with their reports to the IBHE. The audit said some definitions and consolidations could also simplify reporting.

Six of the nine State universities were still in the process of developing procedures for reporting tuition waivers. One university,

| Fiscal Year 2000 Status of Recommendation # 2 | University | Recommendation Implemented? |
|--|------------|-----------------------------|
| Each State university should develop written procedures for reporting waivers in consultation with the IBHE, 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. | CSU | Partial |
| | EIU | Partial |
| | GSU | Partial |
| | ISU | YES |
| | NEIU | YES |
| | NIU | Partial |
| | SIU | Partial |
| | U of I | Partial |
| | WIU | YES |

Chicago State, was unable to provide a complete and accurate list of tuition waivers used in Spring 2000.

Accurate and consistent reports can improve the quality of management’s information on the number and amount of waivers, help universities stay within the three percent IBHE limit for undergraduate discretionary waivers, and permit more valid comparisons to prior and future years. The management audit noted that inaccurate reporting may have been caused by a lack of adequate statewide guidance on waivers and by a lack of written procedures on reporting waivers. Written procedures can provide direction, such as ways of defining, categorizing, and counting waivers.

**RECOMMENDATION
NUMBER 3**

**PARTIALLY
IMPLEMENTED**

**2 of 6 universities had not
finalized a written policy
on awarding ROTC
waivers.**

ROTC PROGRAM

The 1998 management audit reported that State universities did not comply with some statutory mandates regarding tuition waivers, including mandates established by statute for the Reserve Officer’s Training Corps (ROTC) program. The 1998 management audit recommended that universities develop written policies for this waiver program and that if the statute was unclear, they should seek clarification from the General Assembly. Legislation effective in 1999 raised the limit on ROTC waivers by allowing each branch of the service to award the equivalent of 10 four-year waivers.

Two of the six universities with an ROTC program were still developing a written policy on awarding ROTC waivers (Eastern Illinois University and University of Illinois). An ROTC policy should address matters such as application, eligibility, and selection procedures, along with statutory provisions (e.g., statute is silent on whether unused waivers can be awarded to other students).

| Fiscal Year 2000 Status of Recommendation # 3 | University | Recommendation Implemented? |
|--|------------|--------------------------------|
| 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. | CSU | N/A |
| | EIU | Partial |
| | GSU | N/A |
| | ISU | YES |
| | NEIU | N/A |
| | NIU | YES |
| | SIU | YES |
| | U of I | Partial |
| | WIU | YES |
| Note: This statute was amended after the 1998 management audit and raised the limit on ROTC waivers by allowing each branch of service to award the equivalent of 10 four-year waivers. N/A = university did not have an ROTC program | | |

**RECOMMENDATION
NUMBER 4**

IMPLEMENTED

CHILDREN OF EMPLOYEES WAIVERS

The 1998 management audit reported that State statutes have established a tuition waiver program for children of university employees which authorizes 50 percent tuition waivers if the parent has been employed by the university for at least **seven** years. The management audit found that some statutory (mandatory) Children of Employees waivers were being awarded to employees with less than seven but more than three years of service. The three former Board of Regents universities (Illinois State, Northern, and the University of Illinois at Springfield) were following the policy of the defunct Board of Regents which allowed Children of Employees waivers if the employee had **three** years of service. The management audit concluded that when the State has established a statute which specifies the parameters of a benefit, policies enacted by State universities should not exceed those parameters.

The IBHE tuition waiver Guidelines reaffirm that to receive a waiver under the Children of Employees mandatory program an

| Fiscal Year 2000 Status of Recommendation # 4 | University | Recommendation Implemented? |
|---|------------|-----------------------------|
| 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. | ISU | YES* |
| | NIU | YES* |
| | U of I | YES |
| Note: * This program is scheduled to be phased out by ISU and NIU by FY 2005 pursuant to IBHE Guidelines. | | |

employee needs to have worked seven years. The IBHE Guidelines also phase out the discretionary Children of Employees waiver program by 2005. Two of the three universities (Illinois State University and Northern Illinois University) are now phasing out the discretionary Children of Employees waiver program, while the University of Illinois at Springfield has already phased out the program.

A State law (Public Act 90-282) which passed after the 1998 management audit authorizes children of university employees to attend any State university starting in January 1998; this law also requires the parent to have an aggregate of seven years of State college or university employment.

**RECOMMENDATION
NUMBER 5**

**PARTIALLY
IMPLEMENTED**

**University of Illinois is
updating its policy on
General Assembly tuition
waivers.**

GENERAL ASSEMBLY WAIVER POLICY

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 University of Illinois' regulations stated that the university is responsible for obtaining satisfactory proof of residency if official university records indicate a nominee's address

| Fiscal Year 2000 Status of Recommendation # 5 | Agency | Recommendation Implemented? |
|---|---------------|--|
| 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. | SBE | YES |
| | U of I | Partial |

is outside the nominating legislator's district. In the 1998 management audit, individuals who received this tuition waiver at State universities were randomly sampled, and it was found that approximately 10 percent (19 of 194) of the waiver recipients had addresses on the nominating form outside the awarding legislators' districts.

The 1998 management audit also reported that the State Board of Education did not have a written policy governing General Assembly tuition waivers. Policies should be established in writing, especially considering some State Board of Education practices go beyond statutory guidance. After the 1998 audit, the State Board of Education developed written policies and procedures for awarding waivers and began keeping historical records on General Assembly Scholarships awarded by individual legislators.

The University of Illinois' policy on General Assembly waivers, established in 1934, was expected to be updated in January 2001 to conform with the statute and each legislator has been notified about the change.

**RECOMMENDATION
NUMBER 6**

**PARTIALLY
IMPLEMENTED**

39% of waivers sampled were missing at least one necessary document: application, selection criteria, evaluation, recommendation, decision document, or contract.

WAIVER DOCUMENTATION

The 1998 management audit reported that universities did not have complete documents for tuition waivers sampled. In this Fiscal Year 2000 follow-up, we randomly sampled 280 waivers: 64 mandatory waivers and 216 discretionary waivers. Discretionary waivers have criteria established by the university as opposed to mandatory waivers whose criteria are established by statute.

| Fiscal Year 2000 Status of Recommendation # 6 | University | Recommendation Implemented? |
|--|------------|-----------------------------|
| Each State university and the Department of Children and Family Services should maintain complete selection records on individuals awarded a tuition waiver. | CSU | Partial |
| | EIU | Partial |
| | GSU | Partial |
| | ISU | Partial |
| | NEIU | Partial |
| | NIU | Partial |
| | SIU | Partial |
| | U of I | Partial |
| WIU | Partial | |
| Note: Tuition waivers awarded by DCFS were reviewed and had complete supporting documents. | | |

Our sample showed that 39 percent of the tuition waivers were missing at least one necessary document: application, selection criteria, evaluation, recommendation, decision document, or contract (see Exhibit 3).

| Exhibit 3 MISSING RECORDS | | | | | | | | | | |
|--|-----|-----|-----|-----|------|-----|-----|--------|-----|------|
| RECOMMENDATIONS | CSU | EIU | GSU | ISU | NEIU | NIU | SIU | U of I | WIU | Mean |
| 1. Application form/application letter. | 12% | 0% | 19% | 19% | 6% | 8% | 0% | 28% | 6% | 13% |
| 2. Eligibility Criteria for being considered for the waiver. | 9% | 0% | 0% | 0% | 7% | 0% | 2% | 18% | 5% | 6% |
| 3. Selection Criteria for awarding waiver (e.g., skills, GPA, SAT). | 71% | 8% | 89% | 14% | 0% | 38% | 33% | 32% | 0% | 30% |
| 4. Recommendation (e.g., by a professor or chairperson). | 7% | 8% | 67% | 71% | 0% | 0% | 12% | 42% | 6% | 24% |
| 5. Decision showing who (e.g., dean, chairperson) made final decision. | 5% | 0% | 5% | 19% | 13% | 0% | 0% | 23% | 5% | 9% |
| 6. Contract for only applicable recipients (e.g., teaching assistants). | 67% | 7% | 0% | 13% | 100% | 0% | 9% | 65% | 7% | 32% |
| Waivers missing at least one applicable document. | 29% | 21% | 41% | 46% | 50% | 29% | 31% | 62% | 5% | 39% |
| Note: The percent of missing documents is for applicable tuition waivers sampled. Source: OAG from review of university documentation. | | | | | | | | | | |

The tuition waivers sampled that lacked complete supporting documentation were mainly the discretionary waivers (e.g., to talented students and graduate assistants) which represented the largest dollar component of waivers. Improvements are needed to make the selection of students requesting a tuition waiver stronger:

- Selection criteria were not always specific, objective, and measurable and could be minimal or vague for tuition waivers awarded at the discretion of universities.
- Evaluation of applicants was not recorded to demonstrate that the best candidates were selected.
- Admittance into graduate school often was considered sufficient to qualify for a tuition waiver and additional selection criteria were not used.

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

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

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

**RECOMMENDATION
NUMBER 7**

**PARTIALLY
IMPLEMENTED**

Universities were still in the process of developing controls over tuition waivers.

CONTROLS OVER WAIVERS

The 1998 audit reported that State universities’ management of tuition waivers was decentralized and often delegated to academic departments. The audit also reported weaknesses in management controls, including a lack of clear criteria to award waivers, limited records regarding rejected applicants, and a lack of a control document, such as a checklist, to ensure that all necessary documentation and approvals had been obtained.

CRITERIA. In our random sample of 280 tuition waivers, 6 percent lacked written eligibility criteria and 30 percent lacked specific selection criteria. A number of university programs had not established specific, measurable criteria to select students for some discretionary tuition waivers. Some selection criteria that existed could be described as minimal and vague. For example, the criteria for waivers to talented undergraduate students at one university (art, music, leadership, publication) was as follows: *“Enrolled for 12 hours in long terms, 6 hours in short term. Must apply for ISAC award. Maintain [if awarded waiver] a 2.0 GPA minimum.”*

Establishing written selection criteria can inform applicants of factors against which they will be evaluated and ensure fair and objective

| Fiscal Year 2000 Status of Recommendation # 7 | University | Recommendation Implemented? |
|---|------------|-----------------------------|
| Each State university should establish adequate controls over institutional tuition waivers: <ul style="list-style-type: none"> ▪ Written criteria. ▪ Complete selection records. ▪ Records on rejected applicants. ▪ Checklist for tuition waivers. ▪ Written procedures for entering waivers in computer. ▪ Internal audits of waivers. | CSU | Partial |
| | EIU | Partial |
| | GSU | Partial |
| | ISU | Partial |
| | NEIU | Partial |
| | NIU | Partial |
| | SIU | Partial |
| | U of I | Partial |
| | WIU | Partial |

selection of applicants. Complete selection records can also serve to defend the university by providing documentation if there are claims of favoritism or discrimination.

REJECTED APPLICANTS. Five of the 12 university campuses were unable to provide a list of students who applied for a talent waiver and were rejected; the Academic/Other Talent Waiver program was the only program for which we requested a list of rejected applicants. Keeping records on rejected applicants is required by the IBHE’s “Public University Tuition and Fee Waiver Guidelines.” The universities that had a list of the rejected waivers were: Governors State, Illinois State, Northeastern, Northern, SIU-Carbondale, University of Illinois at Springfield, and Western.

CHECKLIST. While several universities were in the process of developing a checklist, none used a checklist in Fiscal Year 2000 to help ensure that

waivers awarded were supported by complete documentation and approvals. A checklist could ensure that the following is documented:

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

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

**RECOMMENDATION
NUMBER 8**

**PARTIALLY
IMPLEMENTED**

IBHE had not updated its regulations to include the 3% limit on undergraduate tuition waivers that has been in effect since 1988.

IBHE TUITION WAIVER POLICY

The 1998 management audit reported that the IBHE had not established its current three percent limit on undergraduate institutional tuition waivers in regulations, as required by State law. Rather, IBHE regulations contained an outdated policy which limits tuition waivers to two percent of fall full-time enrollment.

This Fiscal Year 2000 follow-up found that the IBHE has not yet updated its regulations to specify its current three percent limit on undergraduate institutional tuition

| Fiscal Year 2000 Status of Recommendation # 8 | Agency | Recommendation Implemented? |
|---|--------|-----------------------------|
| IBHE should update its regulations to reflect its current three percent waiver limit. Furthermore, its regulations should specifically address which waiver programs are included and excluded from this three percent limit, such as statutory waivers and Civil Service waivers. Finally, the IBHE should define Civil Service waivers. | IBHE | Partial |

waivers which has been in effect since 1988. IBHE officials said they plan “to take a comprehensive set of changes to its rules and regulations to the Joint Committee on Administrative Rules. These changes will address the limit on undergraduate institutional tuition waivers.”

The IBHE Guidelines now specify the tuition waiver programs that are excluded from the three percent waiver limit on undergraduate discretionary waivers (i.e., civil service, foreign exchange students, gender equity) as the audit had recommended. The Guidelines now also define civil service waivers to include both university employees and employees from related agencies.

**RECOMMENDATION
NUMBER 9**

**PARTIALLY
IMPLEMENTED**

Universities were still developing tuition waiver policies that complied with the audit recommendations and the IBHE Guidelines.

UNIVERSITY TUITION WAIVER POLICY

The 1998 management audit reported that State universities did not have comprehensive written policies and procedures regarding tuition and fee waivers. The few policies that existed mainly addressed statutory (mandatory) waivers. The lack of policies may have resulted in waiver program operations being decentralized, tuition waiver records being incomplete, eligibility and selection criteria being minimal, waivers being reported inconsistently, and some controls being weak.

This Fiscal Year 2000 follow-up found that most State universities had not developed written policies on tuition waivers that conformed with the

| Fiscal Year 2000 Status of Recommendation # 9 | University | Recommendation Implemented? |
|---|------------|-----------------------------|
| 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. | CSU | Partial |
| | EIU | Partial |
| | GSU | Partial |
| | ISU | Partial |
| | NEIU | YES |
| | NIU | Partial |
| | SIU | Partial |
| | U of I | Partial |
| | WIU | Partial |

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

Northeastern Illinois University was the only university in Fiscal Year 2000 that implemented a tuition waiver policy that conformed with the recommendation and the IBHE Guidelines. Chicago State University implemented its policy beginning July 1, 2000. Several universities had developed university-wide tuition waiver policies but these policies did not address all the matters the management audit had recommended or IBHE Guidelines require.

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

- Purpose of tuition and fee waivers.
- Names and descriptions of tuition waiver programs.
- Requirements for creating new institutional waiver programs.

- Eligibility requirements and selection criteria.
- Application procedures and selection process for waivers.
- Documentation of the award process.
- Method of counting and reporting waivers.
- System for monitoring waivers.

**RECOMMENDATION
NUMBER 10**

**PARTIALLY
IMPLEMENTED**

IBHE had not evaluated graduate waivers to determine if any limits were needed.

IBHE had not evaluated waiver programs to determine if their purpose was being achieved.

IBHE GUIDANCE

The 1998 management audit stated that the findings indicated a need for more central guidance and coordination over universities’ tuition waiver programs. The 1998 audit suggested the following:

- IBHE could increase its involvement and assistance to improve consistency among waiver programs at State universities.
- IBHE could coordinate universities’ development of comprehensive tuition waiver policies, ensure that universities develop written procedures for awarding waivers, and establish a protocol for reviewing new waiver programs that universities want to establish.
- IBHE could also assist universities in determining the statutory requirements regarding eligibility and selection, such as the number of waivers that can be awarded in a year, any income threshold that must be met, or any fees that should be waived.

The IBHE coordinated the development of the tuition waiver Guidelines which require each university to adopt written policies and procedures pertaining to tuition waivers. The Guidelines include a standard chart of accounts that defines waiver programs and requires IBHE approval for new waiver reporting categories.

| Fiscal Year 2000 Status of Recommendation # 10 | Agency | Recommendation Implemented? |
|---|-------------|-----------------------------|
| Illinois Board of Higher Education, in consultation with State universities, should provide more specific guidance regarding tuition waivers. | IBHE | Partial |

Certain actions recommended in the 1998 management audit, however, have not yet been fully implemented by the IBHE. The IBHE is in the process of evaluating the amount and use of graduate tuition waivers and officials stated that it plans to complete the review this year. The IBHE had not evaluated waiver programs to determine if the purpose of these programs is being achieved.

The management audit noted that the IBHE had not reviewed waiver programs to determine if the programs were accomplishing the objectives for which they were created. Given the dollar amount of

waivers that are awarded each year, periodic evaluations of waiver programs would be beneficial.

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

CONCLUSIONS

By June 30, 2000, more than two years after the audit's release, eight of the ten recommendations made in the management audit were not fully implemented. Exhibit 4 summarizes the status of each recommendation at the end of Fiscal Year 2000. The specific findings are reported in the Fiscal Year 2000 financial and compliance audits, along with the universities' response to the recommendations. Generally, universities agreed to implement the recommendations. Since the IBHE was not subject to a financial and compliance audit in Fiscal Year 2000, we requested that the IBHE provide an updated response showing the actions it has taken to address the recommendations in the 1998 management audit.

| Exhibit 4 IMPLEMENTATION OF RECOMMENDATIONS – SUMMARY | | | | | | | | | | | |
|---|---------|---------|---------|---------|---------|---------|---------|---------|---------|---------|--|
| RECOMMENDATIONS | IBHE | CSU | EIU | GSU | ISU | NEIU | NIU | SIU | U of I | WIU | |
| ✓ = Implemented Recommendation Partial = Partially Implemented Recommendation – (Dash) = Not applicable | | | | | | | | | | | |
| 1. IBHE Reporting Guidance. Detail methods for reporting waivers and review waiver programs to eliminate duplication. | ✓ | – | – | – | – | – | – | – | – | – | |
| 2. University Reporting Procedures. Develop procedures, keep accurate information, and establish cut-off dates. | – | Partial | Partial | Partial | ✓ | ✓ | Partial | Partial | Partial | ✓ | |
| 3. ROTC Program. Develop policies; seek legislation to award additional waivers. | – | – | Partial | – | ✓ | – | ✓ | ✓ | Partial | ✓ | |
| 4. Children of Employees Waivers. Require 7 years of employment for the 50% Children of Employee waivers. | – | – | – | – | ✓ | – | ✓ | – | ✓ | – | |
| 5. General Assembly Waiver Policy. Establish and implement policy, keep complete records on waivers. | – | – | – | – | – | – | – | – | Partial | – | |
| 6. Waiver Documentation. Maintain complete selection records on waivers. | – | Partial | |
| 7. Controls Over Waivers. Establish criteria, keep selection records, keep records on rejected applicants, develop checklist, and conduct internal audits. | – | Partial | |
| 8. IBHE Tuition Waiver Policy. Update regulations to reflect 3% waiver limit; specify programs excluded from limit; and define Civil Service waivers. | Partial | – | – | – | – | – | – | – | – | – | |
| 9. University Tuition Waiver Policy. Establish a policy that addresses purpose of waivers, selection process, required documents, reporting, and monitoring. | – | Partial | Partial | Partial | Partial | ✓ | Partial | Partial | Partial | Partial | |
| 10. IBHE Guidance. Take following steps: P Coordinate development of waiver policies to ensure consistency. P Define waiver programs. P Review and approve programs. P Evaluate graduate waivers to determine if any limits are needed. P Evaluate waiver programs to determine if purpose is achieved. | Partial | – | – | – | – | – | – | – | – | – | |
| Recommendations 6 and 7 evaluated based on the results of our random sample of tuition waivers. Source: OAG review of university and IBHE information. | | | | | | | | | | | |