

**ADOPTED RULES:
TUITION AND FEE WAIVER GUIDELINES**

Submitted for: Action.

Summary: This item seeks final adoption of rules for Tuition and Fee Waiver Guidelines to provide uniform definitions for public university reporting to the Board and General Assembly and clarify the Board's tuition waiver limit policy.

The Illinois Administrative Procedures Act specifies a three-step process for the proposal and adoption of administrative rules after initial approval by the Board – a publication and public notice period, a period for review by the staff and members of the legislative Joint Committee on Administrative Rules, and final adoption by the Board.

Action Requested: That the Board adopt the rules for the Tuition and Fee Waiver Guidelines (23 Ill. Adm. Code 1075) and corresponding proposed amendments to the Master Plan for Postsecondary Education in Illinois (23 Ill. Adm. Code 1070) as contained in this item.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION

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Recent events, including the ongoing multi-year review of the Board's administrative rules, the continuing implementation of standardized tuition and fee waiver guidelines, and invitations to Illinois to enter interstate tuition reciprocity agreements, have led to the need to update the tuition and fee waiver policies currently codified in administrative rules. In October 2006, the Board approved proposed rules to address these issues by removing the tuition and fee waiver language from the Board's Master Plan rules (23 Ill. Adm. Code 1070) and developing a new Part (23 Ill. Adm. Code 1075) to clarify Tuition and Fee Waiver Guidelines.

In accordance with the Illinois Administrative Procedures Act, the proposed rules were published in the *Illinois Register* on October 27, 2006, which initiated the public notice period. No public comments were received during this 45-day time period. The proposed rules were then reviewed by the staff and members of the Joint Committee on Administrative Rules (JCAR) during the second notice period. There were no objections to the proposed rules by JCAR during their meeting on January 9, 2007.

Upon Board action, the adopted rules will be filed with the Secretary of State and become effective immediately.

Staff Recommendation

Staff recommends the adoption of the following resolution:

The Illinois Board of Higher Education hereby adopts the proposed rules for Tuition and Fee Waiver Guidelines (23 Ill. Adm. Code 1075) and proposed amendments to the Master Plan for Postsecondary Education in Illinois (23 Ill. Adm. Code 1070) as contained in this item.

TITLE 23: EDUCATION AND CULTURAL RESOURCES
SUBTITLE A: EDUCATION
CHAPTER II: BOARD OF HIGHER EDUCATION

PART 1075
TUITION AND FEE WAIVER GUIDELINES

Section	
1075.100	Purpose
1075.200	Definitions
1075.300	Waiver Accounting Classifications
1075.400	Fiscal Year Reporting
1075.500	Standard Tuition and Fee Waiver Chart of Accounts
1075.600	Institutional Requirements
1075.700	Waiver Limits

AUTHORITY: Implementing Section 9.29 and authorized by Section 9.05 of the Board of Higher Education Act [110 ILCS 205/9.29 and 9.05], Section 7g of the University of Illinois Act [110 ILCS 305/7g], Section 8g of the Southern Illinois University Management Act [110 ILCS 520/8g], Section 5-91 of the Chicago State University Law [110 ILCS 660/5-91], Section 10-91 of the Eastern Illinois University Law [110 ILCS 665/10-91], Section 15-91 of the Governors State University Law [110 ILCS 670/15-91], Section 20-91 of the Illinois State University Law [110 ILCS 675/20-91], Section 25-91 of the Northeastern Illinois University Law [110 ILCS 680/25-91], Section 30-91 of the Northern Illinois University Law [110 ILCS 685/30-91] and Section 35-91 of the Western Illinois University Law [110 ILCS 690/35-91].

SOURCE: Adopted at 31 Ill. Reg. _____, effective _____.

Section 1075.100 Purpose

This Part provides uniform tuition and fee waiver definitions and guidelines to be used by all Illinois public universities in reporting tuition and fee waivers to the Board of Higher Education and the Illinois General Assembly. In addition, this Part sets forth the undergraduate waiver limitation policies established by the Board of Higher Education.

Section 1075.200 Definitions

“Board” means the Board of Higher Education.

“Public University” means Chicago State University, Eastern Illinois University, Governors State University, Illinois State University, Northeastern Illinois University, Northern Illinois University, Southern Illinois University, University of Illinois, and Western Illinois University.

“Standard Tuition and Fee Waiver Chart of Accounts” means the standardized list of waiver programs approved by the Board as outlined in Section 1075.500 and used for reporting purposes to the Board and the General Assembly. The Standard Tuition and Fee Waiver Chart of Accounts includes the following general categories:

“Mandatory Waiver” means a waiver that an institution is required by State statute to grant to students that meet the specific parameters and criteria included in statute.

“Discretionary Waiver” means a waiver that is granted at the discretion of the institution. Discretionary waivers include the following categories:

“Faculty and Staff Waiver” means a discretionary waiver awarded to public university faculty, staff, or other employees or their dependents.

“Student Talent or Merit Waiver” means a discretionary waiver awarded to students based on talent in a particular field, academic merit, or special status.

“Student Need Waiver” means a discretionary waiver granted to students demonstrating financial need.

“Student Service Waiver” means a discretionary waiver granted to students to support the university mission, goals, and objectives through participation in outside contracts; graduate or undergraduate research, teaching, or other assignments; training or grant programs; external internship programs; clinical portions of degree programs conducted at other institutions; or other student experiences.

“Waiver” means the amount of revenue that the public university intentionally relinquishes for one of the purposes included in the Standard Tuition and Fee Waiver Chart of Accounts and should be recorded as an expenditure.

“Waiver Accounting Classifications” means the following categories of waivers used for accounting purposes:

“Budgeted Waiver” means an estimated amount identified by the university as the total amount available to students in a particular fiscal year. Budgeted waivers are not identified with specific students or student positions.

“Granted Waiver” means a waiver that has been allocated to specific students or student positions. Granted waivers are available to students as reductions in tuition and/or fee charges.

“Expended Waiver” means that an individual student has been identified as the recipient of a granted waiver and the student’s financial obligation account has been reduced by the granted waiver amount. Expended waivers may not exceed granted waivers. In instances when a student withdraws from class and is entitled to a reduction in tuition charges, a concurrent reduction in the expended tuition waiver may be recorded to recognize the reduction in remised tuition.

“Waiver Agreement” means an agreement between the public university and the student to reduce or eliminate the tuition and/or fees that normally would be charged to the student.

Section 1075.300 Waiver Accounting Classifications.

All tuition and fees assessed against students should be recorded as revenue, even though there may be no intention of collecting the revenue from the student. A waiver is the amount of revenue that the university intentionally relinquishes for one of the purposes included in the Standard Tuition and Fee Waiver Chart of Accounts in accordance with Section 1075.500 and should be recorded as university expenditures. Tuition and fee waivers should be classified for accounting purposes by the university as budgeted, granted, or expended waivers. The classification of tuition and fee waivers is dependent on the point in the budgeting and accounting cycle that the transaction takes place.

Section 1075.400 Fiscal Year Reporting

- a) Public universities shall report tuition and fee waivers annually to the Board in a common format provided by the Board.
- b) Waivers shall be reported as budgeted, granted or expended waivers within the particular fiscal year in which the corresponding tuition and fees are recognized as revenue.
- c) In instances in which waivers are adjusted after the end of the fiscal year, universities shall establish a cutoff date of August 31 to facilitate fiscal year waiver reporting. Adjustments made after the cutoff date will be allocated to the following fiscal year. Public universities will develop appropriate written procedures to implement the cutoff date.

Section 1075.500 Standard Tuition and Fee Waiver Chart of Accounts

Institutions must report waivers to the Board and Illinois General Assembly using the following waiver categories. The Board must approve all university requests for additional waiver reporting categories.

- a) Mandatory Waivers shall be granted in accordance with the following statutes:
 - 1) Teachers Scholarships: Special Education Grants [110 ILCS 947/65.15]
 - 2) General Assembly Scholarships [105 ILCS 5/30-9]
 - 3) Reserve Officers’ Training Corps Scholarships [105 ILCS 5/30-16]
 - 4) Department of Children and Family Services Scholarships and Fee Waiver [20 ILCS 505/8]
 - 5) Partial Tuition Waivers for Children of University Employees [110 ILCS 305/7f, 660/5-90, 665/10-91, 670/15-90, 675/20-91, 680/25-91, 685/30-90, and 690/35-90]

- 6) Senior Citizen Courses Act [110 ILCS 990]
 - 7) Honorary Scholarships [110 ILCS 305/9]
 - 8) Illinois Veteran Grants [110 ILCS 947/40]
 - 9) Illinois National Guard Grants [110 ILCS 947/45]
 - 10) MIA/POW Scholarships [105 ILCS 5/30-14.2]
- b) Discretionary Waivers
- 1) Faculty and Staff Waivers
 - A) Faculty and Administrators
 - B) Civil Service Staff: University Employees
 - C) Civil Service Staff: Interinstitutional and Related Agencies
 - D) Retired University Employees
 - E) Children of Deceased Employees
 - 2) Student Talent and Merit Waivers
 - A) Academic or Other Talent
 - B) Athletic
 - C) Gender Equity in Intercollegiate Athletics [110 ILCS 205/9.24]
 - D) Foreign Exchange Students
 - E) Out-of-State-Students
 - F) Foreign Students
 - G) Fellowships
 - 3) Student Need Waivers
 - A) Financial Aid Waivers
 - B) Special Program Waivers
 - 4) Student Service Waivers
 - A) Cooperating Professionals
 - B) Research Assistants

- C) Teaching Assistants
- D) Other Assistants
- E) Contract/Training Grants

Section 1075.600 Institutional Requirements

- a) Waiver Approvals and Allocations
 - 1) Each public university shall adopt written policies that specify the institutional processes for authorizing specific tuition and fee waiver programs and the purposes of such programs, establishing waiver budget and expenditure levels, and allocating waivers to waiver programs.
 - 2) Each public university shall adopt an official list of waiver programs in which the university has chosen to participate. Allowable waiver programs include only those in accordance with Section 1075.500. The list of waiver programs offered by the university may be amended at the university's discretion and must be available to students, upon request. All waiver programs added to the university's list of available waiver programs also must be listed in the Standard Tuition and Fee Waiver Chart of Accounts. The university's list, and all amendments to the list, must be provided to the Board.
 - 3) Each public university shall develop written procedures to assure that the total amount of budgeted tuition and fee waivers and the amount of expended tuition and fee waivers, by type, academic or administrative unit, and instructional level, are fully disclosed to the university board of trustees.
- b) Waiver Applications
 - 1) Each public university shall adopt written procedures concerning waiver applications. Public universities may have separate waiver applications for various waiver programs.
 - 2) Each public university shall adopt and publish eligibility criteria for each waiver program in which it participates.
 - 3) Waiver applications shall collect the information needed to determine whether a student meets the published eligibility criteria.
- c) Student Eligibility and Selection
 - 1) Each public university shall adopt written procedures to assure that waivers are granted only to students eligible for such waivers. The written procedures must include the criteria and processes for selecting waiver recipients when the number of eligible students applying for such waivers exceeds the amount of available waivers.

- 2) Each department or unit granting waivers must have a clear description of the processes used to assign waivers, criteria used to award waivers (beyond the threshold criteria), and identification of persons who participate in the selection of individual waivers. Written documentation shall be maintained on why individuals were selected to receive waivers as well as why applicants were not selected to receive waivers.
- d) Waiver Agreements
- 1) Each public university shall adopt written procedures that provide the requirements for waiver agreements between students and the university.
 - 2) Each student selected to receive a waiver for which the student is required to perform service must sign an agreement at the time of appointment with the university that delineates and determines the conditions of that service.
 - 3) The agreement shall include the level of waiver support that the public university will provide to the student.
- e) Records and Retention. Each public university shall adopt written procedures for waiver records and records retention incorporating the following principles:
- 1) Tuition and fee waiver records include, but are not limited to, written documentation for the university approved waiver listing, application cutoff dates, eligibility and selection criteria for each waiver program, awarded and rejected applications, selection records, award notifications, records of rejected applicants, and procedures for entering waiver data into the university accounting system.
 - 2) Tuition and fee waiver records shall be maintained for a minimum of five years. After five years, the university may dispose of the records providing all audits have been completed under the direction of the Office of the Auditor General, if necessary, and no litigation is pending or anticipated. Each university, at its discretion, may retain records for longer periods.
- f) Monitoring Waiver Programs
- 1) Each public university shall identify the administrative unit responsible for the overall monitoring of the university waiver program. The unit shall be responsible for assuring that procedures are in place to assure that waivers are awarded within the requirements of the State of Illinois, the policies of the Board, and the policies and procedures of the university board of trustees.
 - 2) The designated administrative unit is responsible for assuring that the university adopts written policies and procedures and assuring implementation of appropriate methods of counting and reporting the value and number of waivers.

- 3) Each public university shall annually submit to the Board the university's policies and procedures for administering the university waiver program. Board staff will review the policies and procedures and report to the Board the results of that review in its evaluation of waiver programs.
- g) University Internal Audits. It shall be the responsibility of each public university to assure that its tuition and fee waiver program is included in the university's internal audit plan and subject to periodic review by its internal audit staff.

Section 1075.700 Waiver Limits

- a) The amount of undergraduate tuition revenue that a public university may waive is limited to three percent of total available undergraduate tuition revenue, subject to the exceptions listed in subsection (b). Total available undergraduate tuition revenue is the total of all tuition charged and waived.
- b) Waivers excluded from the three percent limit include:
 - 1) Mandatory waivers granted in accordance with Section 1075.500 (a) of this Part;
 - 2) Gender Equity in Intercollegiate Athletics waivers;
 - 3) Foreign Exchange Student waivers;
 - 4) Civil Service Staff: University Employee waivers;
 - 5) Civil Service Staff: Interinstitutional and Related Agencies waivers; and
 - 6) Waivers offered through Board-approved bilateral or multilateral tuition reciprocity agreements.
- c) Waivers expended by a public university above the three percent limit may result in an equal amount being adjusted from the university budget during the next Board budget cycle.

TITLE 23: EDUCATION AND CULTURAL RESOURCES
SUBTITLE A: EDUCATION
CHAPTER II: BOARD OF HIGHER EDUCATION

PART 1070
A MASTER PLAN FOR POSTSECONDARY EDUCATION IN ILLINOIS

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AUTHORITY: Implementing Section 6 and authorized by Section 9.05 of the Board of Higher Education Act [110 ILCS 205/6 and 9.05].

SOURCE: Amended and effective April 15, 1976; codified at 8 Ill. Reg. 16804; amended at 31 Ill. Reg. _____, effective _____.

SUBPART D: STUDENTS

Section 1070.401 Financial Aid Programs (Repealed)

- ~~a) Financial need should be the determining factor in the distribution of State-appropriated funds for student aid to undergraduate students in all sectors of Illinois postsecondary education. To this end, non-needs-based State scholarships should be eliminated. Any future increases in needs-based financial aid programs funded by the State should be administered by the Illinois State Scholarship Commission. The Illinois State Scholarship Commission should consider expanding eligibility of applicants for grants by decreasing the level of expected family contribution by income range.~~
- ~~b) The present Board policy limiting undergraduate institutional tuition waivers to two percent of an institution's annual fall full-time equivalent undergraduate enrollment should be implemented through budgetary measures by fiscal year 1977. This policy does not include waivers issued to University Civil Service employees and to graduate students. Tuition waivers may be awarded to eligible to Civil Service employees of institutions according to the guidelines established by the University Civil Service Merit Board, and to graduate students according to guidelines established by governing boards.~~

- ~~e) — The Illinois State Scholarship Commission should conduct a yearly survey of non-acceptors of monetary awards in an effort to evaluate the program and its success in the fulfillment of stated objectives. The Commission should also continue its periodic longitudinal study of award recipients as an aspect of program evaluation.~~
- ~~d) — The maximum award of the Illinois State Scholarship Commission should increase as inflation forces increase in costs and tuition. The increase of the maximum award to \$1,500 for fiscal year 1976 meets these objectives. In future years, increases should occur to maintain the maximum award at a level that approximates 65 percent of the weighted average tuition at private colleges and universities.~~
- ~~e) — Student employment programs should be considered as an important source of funds for students in meeting college costs and their continuation should be encouraged. However, any expansion of student employment programs requiring additional State funding should be incorporated and justified in an institution's annual budget request.~~
- ~~f) — The Illinois institutions of higher education, governing boards, and the Board of Higher Education should give high funding priority to the operation of student financial aid, counseling, and employment offices. These efforts should increase services to students in need of financial assistance, increase the utilization of federal and State student aid resources presently available, and honor the commitment to increase student access to higher education.~~
- ~~g) — The Board of Higher Education should continue its efforts to develop a comprehensive data base that provides information relating to total student cost, tuition and fees, and financial aid programs in order to monitor:
 - ~~1) — Changes in federal and State financial aid policies and their potential or actual impact on enrollments and students' ability to meet college costs;~~
 - ~~2) — Changes in the unmet student cost between and within the public and private sectors of higher education;~~
 - ~~3) — The impact of tuition increases on enrollments and resulting changes in the distribution of students by family income;~~
 - ~~4) — Alterations in the unduplicated headcount of financial aid recipients within and among the various sectors of higher education.~~~~
- ~~h) — An Illinois Delinquent Account Purchasing Program should be established by State statute. The program would qualify as an eligible holder of Illinois Guaranteed Loans and would be funded in a manner similar to a direct State loan program. In order to minimize collection expenses for eligible lenders, this program would involve the purchase from lenders, after required timely written notices to borrowers, of any loan in the early stages of delinquency. This program would qualify as an eligible lender in regard to holding student loans, would bill for and receive federal interest benefits and special allowances, and would file for default after diligent collection efforts have failed to cure a~~

~~delinquency of over 120 days.~~

(Source: Repealed at 31 Ill. Reg. _____, effective _____)