

**PROPOSED AMENDMENTS TO RULES:
TUITION AND FEE WAIVER GUIDELINES**

Submitted for: Action.

Summary: This item requests approval of the proposed amendments to the rule for Tuition and Fee Waiver Guidelines. The amendments will add financial aid waivers to the list of waivers exempted from the Board's three percent limitation on discretionary waivers, providing the public universities with more flexibility to grant tuition waivers for undergraduate students demonstrating financial need.

The Illinois Administrative Procedures Act specifies a three-step process for the proposal and adoption of administrative rules: (1) initial Board approval; (2) a publication and public notice period including a period for review by the staff and members of the legislative Joint Committee on Administrative Rules; and (3) final adoption by the Board.

Action Requested: That the Illinois Board of Higher Education approve the proposed amendments to Tuition and Fee Waiver Guidelines (23 Ill. Admin. Code 1075) for publication in the Illinois Register.

STATE OF ILLINOIS
BOARD OF HIGHER EDUCATION

**PROPOSED AMENDMENTS TO RULES:
TUITION AND FEE WAIVER GUIDELINES**

This item requests approval of the proposed amendments to the Illinois Board of Higher Education rule for Tuition and Fee Waiver Guidelines. The amendments will add financial aid waivers to the list of waivers exempted from the Board's three percent limitation on discretionary waivers, providing the public universities with more flexibility to grant tuition waivers for undergraduate students demonstrating financial need.

The Illinois Board of Higher Education is authorized by statute (110 ILCS 305/7g) to establish regulations limiting the percentage of undergraduate tuition that public universities may waive unless the waivers are authorized by statute (mandatory waivers). In addition to the mandatory waivers, the Board has excluded certain discretionary waivers from the three percent calculation when the Board has concluded that the benefits accruing to students or the universities outweigh the costs of the waived tuition.

For many years, Illinois has enjoyed one of the most generous and well-funded need-based student aid programs in the country, the Monetary Award Program (MAP). Over the past decade, however, the purchasing power of MAP grants has diminished considerably. What was a steady decline in purchasing power turned into a sudden fall from a precipice in the fiscal year 2010 budget, which funded the MAP program at the fiscal year 1994 level, unadjusted for inflation. As a result of the 50 percent reduction in MAP funding, students will not be receiving any MAP awards for the 2010 spring semester.

This proposed change in tuition waiver regulations would exempt tuition waivers granted to resident undergraduates on the basis of financial need from the three percent limitation imposed by the Board. While not a panacea for the reduction in MAP appropriations, universities expanding the use of these waivers would not be subject to the budgetary adjustment permitted for institutions that exceed the three percent limit.

Once approved by the Illinois Board of Higher Education, the proposed amendments to the rules will be submitted to the Secretary of State for publication in the Illinois Register. The Illinois Administrative Procedures Act specifies a three-step process for the proposal and adoption of administrative rules: (1) initial Board approval; (2) a publication and public notice period including a period for review by the staff and members of the legislative Joint Committee on Administrative Rules; and (3) final adoption by the Board. Final presentation is scheduled for the December 2009 Board meeting.

Staff Recommendation

Staff recommends the adoption of the following resolution:

The Illinois Board of Higher Education hereby approves the proposed amendments to the rules for the Tuition and Fee Waiver Guidelines (23 Ill. Adm. Code 1075) as detailed in the attached document for publication in the Illinois Register.

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. 3134, effective February 7, 2007; amended at 33 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 the waivers. The written procedures must include the criteria and processes for selecting waiver recipients when the number of eligible students applying for 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.
 - 7) Financial aid waivers for Illinois resident students demonstrating financial need.
- 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.

(Source: Amended at 33 Ill. Reg. _____, effective _____)

