

RHODE ISLAND BOARD OF EDUCATION,
(Successor to the Rhode Island Board
of Governors for Higher Education)

TUITION WAIVER AUDIT REPORT

FEBRUARY 7, 2013



State of Rhode Island and Providence Plantations

Department of Administration
BUREAU OF AUDITS
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Providence, RI 02908-5889
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February 7, 2013

Ray M. DiPasquale, Commissioner
Office of Higher Education
80 Washington Street, Suite 524
Providence RI 02903

Dear Commissioner DiPasquale:

The Bureau of Audits, in conjunction with the staff of the Office of Higher Education, has completed its audit of the tuition waiver procedures which was initiated at your request and at the request of the Governor's office. Our audit was conducted in accordance with Rhode Island General Laws §35-7-3. The findings and recommendations included herein have been discussed with the management of the Office of Higher Education and management at the University of Rhode Island, Community College of Rhode Island and Rhode Island College (the Institutions). We have considered all comments in the preparation of our report.

RIGL §35-7-3(b) entitled, "Audits performed by the bureau of audits," states that "Within twenty (20) days following the date of the issuance of the final audit report, the head of the department, agency or private entity audited shall respond in writing to each recommendation made in the final audit report..." Accordingly, management at the Office of Higher Education and the Institutions, submitted their responses to the audit findings and recommendations, and those responses are included in this report.

Our recommendations are designed to improve the stewardship of public resources, encourage stronger internal controls, and clarify responsibilities. More detailed information regarding our findings and recommendations is available in the "Findings, Recommendations, and Management's Response" section of this report.

Commissioner DiPasquale

Page 2

February 7, 2013

We would like to express our appreciation to the officials and staff for the cooperation extended to the members of our staff during the course of this review.

Respectfully yours,

A handwritten signature in black ink, appearing to read "Michael Sprague", with a long, sweeping horizontal line extending to the right.

Michael Sprague, CIA
Deputy Chief, Bureau of Audits

- c- Jamia McDonald, Deputy Chief of Staff, Governor's Office
- Richard Licht, Director, Department of Administration
- Honorable Daniel DaPonte, Chairperson, Senate Committee on Finance
- Honorable Helio Mello, Chairperson, House Finance Committee
- Dennis Hoyle, CPA, Auditor General
- Tom Evans, State Librarian (5)
- Kenneth Kirsch, Deputy Director, Department of Administration
- Marc Leonetti, CPA, State Controller

Table of Contents

Introduction.....	4
Audit Objectives	5
Audit Scope.....	5
Audit Methodology.....	6
Background	7
Findings, Recommendations and Management Response.....	9
Waiver eligibility is not consistently applied.....	9
Means test needs clarification.....	11
Insufficient confirmation of waiver eligibility.....	12
Employee, Spouse, Domestic Partner and Dependent Waivers	12
Mandated Third-Party Waivers.....	13
Waivers Granted Without Financial Aid Filings	15
Non-Permanent Resident Disabled American Veteran Waivers	16
Unemployment Waivers Refunded.....	17
Appendix A.....	18
Appendix B	19
Appendix C	28

Introduction

At the request of the Governor, the Rhode Island Board of Governors for Higher Education (Board) engaged the Bureau of Audits (Bureau), in conjunction with Internal Audit staff from the Board, to conduct an audit of the controls over the granting of tuition waivers at each of the state's institutions of higher learning: The University of Rhode Island, Rhode Island College, and The Community College of Rhode Island (the Institutions). Tuition is waived for a number of reasons, including employment at the Institutions or the Board, receipt of unemployment compensation, National Guard membership, status as a Disabled American Veteran, and senior citizen status.

Audit Objectives

The Bureau and the Internal Audit Staff of the Office of Higher Education conducted a review of the tuition waiver program at the Institutions. The review had two major objectives.

- 1. To determine if the granting of tuition waivers was consistent with current law and state policy, and whether it followed a consistent methodology amongst the institutions, and to make recommendations for improvement in controls if necessary.** To meet this objective we reviewed the procedures in place at each institution regarding the granting of tuition waivers. Each institution of higher education is responsible for maintaining a procedure for eligible individuals to apply for and receive a tuition waiver consistent with current law and policy. The audit procedures were designed to determine if sufficient controls exist to ensure, to a reasonable extent, that tuition waivers are granted to qualified applicants only.
- 2. To determine if the recipients of tuition waivers were eligible.** To meet this objective we tested the eligibility of a sample of students who were the recipients of tuition waivers. In order to get a comprehensive coverage of the tuition waiver programs as they are currently being administered, all tuition waivers granted during the fall of 2011 and the spring of 2012 were reviewed. The total number of waivers reviewed was 3,466 with a total value of \$9,222,625.

Audit Scope

All of the Institutions track tuition waivers by type in their financial systems. The chart below summarizes the number and dollar value of tuition waivers that were reviewed during this audit by type of waiver and by institution. The sample of reviewed tuition waivers was the population of waivers from the fall of 2011 and the spring of 2012 semesters.

Rhode Island Institutions of Higher Education								
Tuition Waivers Sample Tested								
Type of Waiver	All institutions		Community College of Rhode Island		Rhode Island College		University of Rhode Island	
	Number	Value	Number	Value	Number	Value	Number	Value
Employees, spouses, domestic partners and dependents*	1649	\$5,767,829	260	\$257,903	286	\$696,545	1103	\$4,813,381
Board of Governors, and Department of Education** Employees, Spouses, Domestic Partners and Dependents	23	\$104,102	4	\$5,039	3	\$7,980	16	\$91,083
Unemployment	1072	\$1,732,070	673	\$713,865	219	\$446,854	180	\$571,351
Senior Citizens	84	\$105,780	39	\$24,758	14	\$26,150	31	\$54,872
Disabled American Veterans	99	\$199,047	52	\$50,568	17	\$26,927	30	\$121,552
RI National Guard members	539	\$1,313,797	304	\$441,635	105	\$217,616	130	\$654,546
Total Waivers Reviewed	3466	\$9,222,625	1332	\$1,493,768	644	\$1,422,072	1490	\$6,306,785
Improperly Granted Waivers Noted	39	\$80,611	26	\$23,525	4	\$ 6,500	9	\$50,586
<i>Improper waivers as a percentage of waivers reviewed</i>	<i>1.13%</i>	<i>0.87%</i>	<i>1.95%</i>	<i>1.57%</i>	<i>0.62%</i>	<i>0.46%</i>	<i>0.60%</i>	<i>0.80%</i>
* The values in this row represent the tuition waiver granted to students who attended the institution noted in the heading without regard to where the qualifying individual was employed								
** A change in Board policy in 2009 ended the tuition waiver benefit for Department of Education employees, spouses, domestic partners and dependents. Students who were already accepted and enrolled were exempted from policy change for the length of their enrollment								

For the purpose of this audit, a single tuition waiver was defined as the total of all tuition waived on a per-student, per-semester basis. For example, a student that qualified for a tuition waiver and attended one of the institutions in both the fall 2011 and spring 2012 would count as two tuition waivers, one for each of the semesters where tuition was waived.

Audit Methodology

In order to accomplish the objectives stated above, the audit team preformed the steps below:

- Collected detailed information from each of the institutions regarding the type and value of waivers granted.
- Interviewed the key parties involved in the waiver granting process at each of the institutions.
- Reviewed any documentation of the processes used to administer the waiver application evaluation process.
- Examined documentation specific to each of the waivers granted during the period under review.
- Compared student-presented documentation to the source documentation at the Rhode Island National Guard.

- Compared student-presented documentation to the source information available at the Rhode Island Department of Labor and Training, as well as other state's unemployment administration authorities.

Background

The State of Rhode Island provides financial support to three institutions of higher learning: The University of Rhode Island; Rhode Island College; and the Community College of Rhode Island. The Institutions were governed by the Board through December 31, 2012, when it was dissolved. As of January 1, 2013, the Rhode Island Board of Education (BOE) assumed responsibility for governance of the institutions. The Board had authorized the waiver of tuition for employees and related parties at each of the Institutions through a policy statement and negotiated agreements. In addition to the Board-authorized tuition waivers, Rhode Island General Law authorizes tuition waivers for other classes of students, including Disabled American Veterans, members of the Rhode Island National Guard, Senior Citizens and the unemployed. All of the waivers, except for employees and related parties and members of the Rhode Island National Guard, are granted only on a space available basis. All tuition waivers are valid for 100% of the cost of tuition but not for other fees or educational costs such as books, housing or meals, except in the case of the unemployed where the registration fee may also be waived. In some cases, waivers are offset by financial aid when the applicant is eligible.

Each type of tuition waiver requires that the applicant be a member of a certain class of individuals; listed below are the classes of individuals who are granted tuition waivers along with the general requirements for eligibility.

Employees of the institutions of higher learning, and the Board of Governors for Higher Education, their spouses, domestic partners and dependents.

Members of this class of waiver recipient are granted waivers both through clauses in collective bargaining agreements and a policy statement of the Board. In cases where a waiver applicant is covered under both the Board policy and contractual agreement, eligibility is determined by applying Board policy, unless specifically designated otherwise, in the collective bargaining agreement. See Appendix A for the text of the Board Policy, the clauses from collective bargaining agreements that govern the administration of tuition waivers can be found at Appendix B.

Generally, employees of the Board and the Institutions, their spouse or domestic partner and dependents are eligible to receive a waiver of tuition. Employees must be full-time and may not be on a leave without pay.

Members of the Rhode Island National Guard

Title 30, Chapter 3, Section 40.3 of Rhode Island General Law allows members of the Rhode Island Army and Air National Guard who are active and in good standing to take

up to five classes per semester at any of the Institutions. The full text of the enabling legislation governing this tuition waiver is contained in Appendix C of this report.

Unemployed

Title 28, Chapter 42, Section 81 of Rhode Island General Law states that any Rhode Island resident who receives unemployment benefits or any out-of-state resident who receives Rhode Island unemployment benefits and meets certain income guidelines is entitled to a waiver of both tuition and registration fees. Students seeking this type of waiver who are eligible for financial aid are required to apply for financial aid and any scholarship or grants received must be used to offset the unemployment tuition waiver. The full text of the enabling legislation governing this tuition waiver is contained in Appendix C of this report.

Disabled American Veterans

Title 30, Chapter 30.1, Section 1 of Rhode Island General Law grants all veterans of the United States armed forces who are residents of the state and have been declared as at least 10% disabled by the United States Veterans Administration are entitled to a waiver of tuition at any of the State's Institutions. Students seeking this type of waiver who are eligible for financial aid are required to apply for financial aid and any scholarship or grants received must be used to offset the tuition waiver. The full text of the enabling legislation governing this tuition waiver is contained in Appendix C of this report.

Senior Citizens

Title 16, Chapter 35, Section 1 of Rhode Island General Law allows any person aged sixty (60) and over who meets certain income guidelines a waiver of tuition. Students seeking this type of waiver who are eligible for financial aid are required to apply for financial aid and any scholarship or grants received must be used to offset the tuition waiver. The full text of the enabling legislation governing this tuition waiver is contained in Appendix C of this report.

Disclosure of Improperly Granted Waivers

As a result of weaknesses in the system of controls noted in the "Findings, Recommendations and Management Response" section of this report, thirty nine (39) tuition waivers were granted to students who were discovered to be ineligible for the waiver. The Family Educational Rights and Privacy Act (FERPA) forbids the public disclosure of certain confidential student information without the written consent of the student. The financial aid and billing and payment records of the student are all protected as confidential student records. In order to maintain compliance with FERPA, identifying information of students who were improperly granted tuition waivers cannot be disclosed in this public report. In addition to this report, each institution has been provided with sufficient FERPA protected information for the institution to take appropriate action in individual cases if required. Wherever possible, the Institutions should seek

reimbursement of the value of the tuition waived from the student improperly granted the waiver.

As a result of or comprehensive review of the tuition waivers granted during the fall 2011 and spring 2012 semesters, we discovered a total 39 tuition waivers that were given to 37 students (two students received multiple waivers) with a tuition value of \$80,61 were improperly granted due to the weaknesses in internal controls noted in the “Findings, Recommendations and Management Response” section of this report. .

The following chart summarizes the improperly granted waivers by institution and type of waiver.

Rhode Island Institutions of Higher Education Improperly Granted Waivers Noted								
Type of Waiver	All institutions		Community College of Rhode Island		Rhode Island College		University of Rhode Island	
	Number	Value	Number	Value	Number	Value	Number	Value
Employees, spouses, domestic partners and dependents	8	\$12,826	5	\$2,601			3	\$10,225
Board of Governors, and Department of Education* Employees, Spouses, Domestic Partners and Dependents								
Unemployment	23	\$24,350	18	\$15,683	4	\$6,500	1	\$2,167
Senior Citizens	1	\$1,636					1	\$1,636
Disabled American Veterans	7	\$41,799	3	\$5,241			4	\$36,558
RI National Guard members								
Total	39	\$80,611	26	\$23,525	4	\$6,500	9	\$50,586

Findings, Recommendations and Management Response

Waiver eligibility is not consistently applied

The Board policy for the waiver of tuition is sufficiently vague to allow for multiple reasonable interpretations. The policy leaves room for interpretation in the areas of eligible courses, dependent status, and employment status. Consequently, the Institutions have adopted policies and practices that institute the tuition waiver policy in ways that were perhaps unintended by the Board. In addition to the Board policy, tuition waivers are governed by clauses in several of the institutions’ labor agreements.

In the area of eligible courses, the Board states in its policy that tuition waivers for spouses, domestic partners, and legal dependents are applicable to “courses in a regular study program for credit at the first baccalaureate level only.” The Institutions have interpreted this to mean a program of study at any institution of higher learning not just Board-governed institutions. Institutions have allowed the dependents of employees who are attending non-Board governed institutions to have tuition waived when enrolled in

individual classes at Board-governed institutions. The Institutions have allowed tuition waivers for undergraduate courses for spouses, domestic partners, and dependents as long the student has not achieved a first baccalaureate. The Institutions have interpreted any undergraduate course to be part of a regular course of study.

When discussing dependent status, the Board policy allows for tuition waivers for all “legal (as defined by IRS regulations) dependents.” The United States Code Chapter 26, Section 152, defines a dependent for the purposes of the IRS regulation; this regulation contains a broad interpretation of the term dependent to include many of the taxpayer’s relatives who the taxpayer is supporting. The Institutions have implemented this policy inconsistently, with some requiring that the student be claimed as a dependent on the federal tax return of the employee and others simply requiring the employee to testify that the student is their legal dependent.

In most cases the Institutions do not require that an employee provide evidence of marriage, domestic partnership, or dependency in order to obtain a tuition waiver (see insufficient confirmation of waiver eligibility later in this report).

The Board policy states that “only full-time employees are eligible;” the duration or effective dates of employment are not defined in the policy and have been interpreted differently at the Institutions. Rhode Island College and The University of Rhode Island require the employee to be employed full-time on the first day of class in order for the waiver to be applicable; continued employment is not required. The Community College of Rhode Island, however, will apply the waiver retroactively to the beginning of the current semester for all employees hired into full-time positions during the semester.

Finding 1: Board policy lacks sufficient detail to ensure consistent interpretation by member institutions.

Recommendation: As successor to the Board, the BOE should formulate and adopt a tuition waiver policy that provides sufficient detail in the areas of eligible courses, dependent status and employment status to ensure that member institutions uniformly apply the policy in accordance with the BOE’s intentions.

Office of Higher Education response: As of the date of this report, the old Board of Governors for Higher Education no longer exists by statute and has been replaced with the Board of Education. However, the new Board of Education members have not yet been confirmed by the Senate and have not met. We are anticipating that the confirmation of the named Board members will occur in the upcoming few weeks and that the first meetings including orientations will be scheduled shortly thereafter.

In anticipation of the new Board of Education’s confirmation hearings and first meetings, the Office of Higher Education will be placing this topic on one of the first agendas for discussion and review. The important message for the new Board is that, although there is no significant issue with the administration of the waivers among the three institutions

financially or in numbers of exceptions, there is an opportunity to improve the waiver process with more detailed and specific guidance.

Means test needs clarification

Both the senior citizen and unemployment tuition waiver mandates require that the student be financially eligible to receive the waiver. Financial eligibility is defined in the governing statutes as having an income of less than three times the federal poverty level. The Institutions determine the financial eligibility of the student applicant by requiring the student to complete a means test (different tests for senior citizens and for the unemployed), and to supply supporting documentation (e.g., prior year tax filings and earnings reports). The means test for the unemployed relies on information from the applicant's prior year tax filings and involves a calculation that is designed to subtract income that is not expected to be received in the current tax year. The section of the means test form that is intended to calculate the amount of wages which are not being received in the current tax year asks the preparer to enter prior year "wages from unemployed individuals." The wording in the means test does not distinguish between wages that have continued to be received in the current year and wages that the unemployed individual has continued to receive.

During our review, we found several instances where the unemployment means test documentation was not properly completed. When reviewing the means test documentation, we noted instances where unemployment compensation, as well as other types of income, were subtracted from the prior year's income when it is reasonable to assume that at least some of this income would continue into the current year.

Finding 2: The means test document for unemployed waiver recipients does not provide sufficient detail to ensure proper completion by the waiver applicant.

Recommendation: The BOE should clarify the unemployment means test document to help ensure it is properly completed by the waiver applicant. This clarification should emphasize that only income that has not or will not be received in the current tax year is to be subtracted from the prior year's income figures.

Alternatively, the BOE should utilize the information from the existing Free Application for Federal Student Aid (FAFSA) in order to determine financial need when granting tuition waivers for the unemployed and senior citizens. The FAFSA gives a comprehensive, verified assessment of the student's ability to pay and is the national standard for the distribution of scholarships and grants. Implementation of this approach to verifying financial need would require legislative changes; Rhode Island General Law currently mandates the use of the standard of three times the federal poverty level when determining eligibility for the senior citizen and unemployment tuition waivers.

Office of Higher Education response: This is one of the significant areas in which the Board regulations need to be more specific with its guidance to the institutions. The

Office will work with the three institutions, on a priority basis, to prepare a revised unemployment means test for presentation to the Board of Education when it convenes.

Insufficient confirmation of waiver eligibility

Employee, Spouse, Domestic Partner and Dependent Waivers

The human resources division at each of the Institutions maintains a record of each employee who has requested and received a tuition waiver. In order to qualify for an employee, spouse, domestic partner, or dependent waivers, the employee must be working full-time and the dependent must be a legal dependent as defined by IRS regulations. During our review, we found that each of the Institutions used varying degrees of diligence when verifying eligibility. For example, some human resource offices inconsistently verified dependency through the use of health insurance records. We found a few cases where tax records were requested to verify dependency. Also, we did not find that any of the Institutions consistently verified the legal status of an employee's spouse or domestic partner.

Due to the absence of evidence of spousal, domestic partnership, and dependency, we were unable to determine if all tuition waivers allowed for these reasons were granted in accordance with the Board's intentions and contractual clauses.

It should be noted that the Institutions required the employee to sign an affidavit stating the student being granted the waiver was indeed a spouse, domestic partner, or dependent.

Finding 3: Spousal, domestic partnership, and dependency statuses of waiver recipients are not verified on a consistent basis.

Recommendation: The Institutions should implement a system of spousal, domestic partner, and dependency verification to increase assurance that only qualified employee spouses, domestic partners, and dependents are granted tuition waivers. The system should include third-party verification of the status of all applicants for tuition waivers. This verification could be accomplished through the examination of health insurance, tax, birth, and court records. The Institutions should retain evidence of this verification.

CCRI Response: CCRI agrees with the need to improve controls over spousal, domestic partnership, and dependency waivers. Effective Spring 2013, CCRI has implemented a web-based system for CCRI employee waivers. The system is designed to gather and validate data specific to the waiver criteria. The waiver request will not complete unless all information is supplied and validates to the employee information in the college's human resource system as to marital status, dependents, health insurance, etc. Employees must also acknowledge their understanding of the benefit and the accuracy of the information. Once the waiver request has been approved by the Human Resources Office, it is emailed to the employee and the appropriate Bursar's Office.

In regard to examples noted by the auditors of employee spouses receiving waivers even though the spouse already possessed one or more baccalaureate degrees, these waivers were in accordance with the employees' collective bargaining agreements. The collective bargaining agreements do not limit tuition reimbursement for the spouse to the first baccalaureate level.

RIC Response: RIC will revise its tuition waiver policy to require employees to present legal documentation of spousal, domestic partnership and dependency status prior to granting tuition waivers.

URI Response: The University of Rhode Island will develop procedures for the verification process be accomplished through the examination of an original or certified copy of a birth certificate, health insurance, or legal document (e.g., divorce decree) or other court document). The University will maintain a copy of this verification.

Mandated Third-Party Waivers

In addition to granting tuition waivers for employees and their dependents, the Institutions also grant waivers for members of the Rhode Island National Guard, Disabled American Veterans, and certain income qualified persons, including persons over the age of sixty (60) and recipients of unemployment insurance compensation. These third-party waivers are all mandated by Rhode Island General Laws, and the Institutions do not receive any direct financial consideration for granting a tuition waiver. The exception to this rule is National Guard waivers, where an annual stipend is split amongst the Institutions. Last fiscal year's stipend totaled \$100,000 while the Rhode Island National Guard tuition waivers for FY 2012 totaled \$1.3 million.

The Bursar's Office at each of the institutions is responsible for the verification of eligibility for these third-party waivers and the subsequent waiving of tuition. Students prove their eligibility based on the presentation of a document generated by the waiving authority. The waiving authorities are the Rhode Island Department of Labor and Training, the Rhode Island Army and Air National Guard, and the United States Veterans Administration. In most cases the Institutions do not take any steps to verify the authenticity of the document presented. The exception is The University of Rhode Island's verification with the Air National Guard.

Given the ease of producing a document that would be indistinguishable from the genuine waiver document, it would be prudent for the Institutions to improve controls through the confirmation, at least on a sample basis, of the student's tuition waiver eligibility directly with the waiver granting authority.

During the course of this review, the Rhode Island Department of Labor and Training (DLT) revised its waiver granting procedures in an effort to provide a more consistent waiver document. The new procedure requires all Rhode Island unemployed to obtain the

tuition waiver certificate from the automated system whenever possible. In the past DLT would issue a hand-written certificate upon request. Hand-written certificates of eligibility will still be issued for people who qualify due to receipt of unemployment benefits from out of state as DLT does not have an automated system in place to issue these waivers.

Finding 4: Third-party waivers are not directly verified with the waiving authority.

Recommendation: The Institutions, in cooperation with the tuition waiver granting authority, should implement procedures that allow for direct verification eligibility. This verification could be accomplished through the generation of a categorized tuition waiver report by each of the institutions; the eligibility of the students is then verified by the waiving authority. All students found to be ineligible should have the waiver removed from their account and be subject to the institution's past-due tuition collection policy.

CCRI Response: CCRI staff members are familiar with the standard waiver forms and are trained to call the authorizing agency if suspicious documents are presented. If any fraudulent documents are discovered, it is CCRI's policy to remove the waiver, bill the student, and report the incident to the school's disciplinary officer and campus police.

CCRI has the ability to produce verification reports and will work with the individual agencies and the other system institutions to develop a unified verification process as recommended.

RIC Response: RIC will work with the Board of Education, the Rhode Island Department of Labor and Training, National Guard and the United States Veterans Administration to standardize and improve verification of eligibility process.

URI Response: When the University receives documentation for a mandated third-party waiver, its authenticity and validity needs to be reasonably determined without sole reliance on a report to be verified at a later date. This can be accomplished by implementing the following changes. The University should accept only original, unaltered documents. The documents from each authorizing agency, i.e., Department of Labor UI eligibility forms, National Guard STAP and STEP forms, and Veteran disability forms, should be issued in a consistent and approved format. The forms should be either affixed with a stamp/seal that cannot be duplicated or approved by a signature that can be verified. Individuals using waivers should be required to sign a statement of understanding that they will be responsible for payment of tuition if a waiver is obtained illegally. As a secondary measure, institutions could compile a waiver report for verification by the authorizing agency; fraudulent waivers could then be identified and reversed, and students would be responsible for the resulting tuition debt.

Office of Higher Education response: Due to recent changes in educational benefits available to Veteran and National Guard members, and the limited sum of money

available to reimburse the University for waivers granted to National Guard members, it may be prudent to review the laws which mandate Disabled Veteran waivers and National Guard waivers. Many of the individuals receiving these benefits would otherwise be eligible for federal benefits, thereby reducing the State's loss of tuition revenue. In addition, the law pertaining to National Guard waivers fails to clearly address the waiver ramifications for dropped enrollment, leading to inconsistency among the 3 state colleges and causing confusion for our students.

Waivers Granted Without Financial Aid Filings

Unemployment, Disabled American Veteran (DAV), and senior citizen waivers all require the student applicant to apply for financial aid if the student is determined to be eligible for financial aid by the Institution. Any awarded financial aid is to be applied to the tuition waiver, thereby reducing the amount of the waiver. In no circumstances should financial aid be refunded to the student when the overpayment is the result of financial aid received and the student is a recipient of an unemployment, DAV, or senior citizen tuition waiver.

The Community College of Rhode Island and Rhode Island College do not have a process in place to ensure all financial aid eligible applicants for these types of tuition waivers have, in fact, applied for financial aid prior to the approval of the tuition waiver.

Finding 5: Financial aid eligible applicants for unemployment, senior citizen, and DAV tuition waivers were not required to apply for financial aid.

Recommendation: The Community College of Rhode Island and Rhode Island College should implement controls designed to ensure that all financial aid eligible applicants for unemployment, senior citizen, or DAV tuition waivers have applied for financial aid prior to the approval of the tuition waiver.

CCRI Response: CCRI concurs with the need to improve this process. Although these waivers are granted on a space available basis only, CCRI will ensure that the applicants apply for financial aid. CCRI has a posted policy requiring students to apply for Free Application for Federal Student Aid (FAFSA). This policy is reflected on all waiver agreements and publications. However, students were not adhering to the policy. Effective during the Fall 2012 semester, reports were created to identify those students who did not fulfill their obligation in applying for FAFSA. Those students were notified and given the chance to apply by a set deadline. After the deadline the remaining students had their waivers removed and were billed for their courses.

Effective Spring 2013, as part of the waiver process, all students applying for unemployment, senior citizens, and DAV tuition waivers, must document they have completed the Free Application for Federal Student Aid (FAFSA). All waiver applicants must submit a copy of one of the following:

- Confirmation page from the FAFSA submission (retrievable on day of initial FAFSA filing ONLY)
- A copy of the Student Aid Report (SAR) from the FAFSA website (www.fafsa.gov) or
- A print out of the financial aid requirements from the “For Students” tab on the student’s MyCCRI account.

RIC Response: RIC now verifies with the Financial Aid Office that students who apply for mandatory third party tuition waivers have applied for financial aid or have been deemed ineligible for financial aid prior to granting a tuition waiver.

Non-Permanent Resident Disabled American Veteran Waivers

Rhode Island General Law requires the waiver of tuition at all of the institutions for DAV who are permanent residents of the state and who have been designated as 10% disabled or greater. Student applicants for the DAV waiver are required to present evidence of disability in the form of a letter from the United States Veterans Administration.

Our review of the tuition waivers granted due to DAV status showed waivers at the University of Rhode Island and the Community College of Rhode Island that were granted to students who were classified as out of state. The tuition waiver for DAV status applies to permanent residents of Rhode Island and should not be granted for out-of-state students. A total of seven tuition waivers with a value of \$41,799 were granted to six students (one student received two waivers) who were Disabled American Veterans but were not residents of the state.

Finding 6: Tuition waivers were granted to Disabled American Veterans who did not meet the permanent residency requirement.

Recommendation: The University of Rhode Island and the Community College of Rhode Island should establish and implement procedures to verify the residency status of persons applying for the DAV tuition waiver.

CCRI Response: Concur. CCRI now requires all DAV waiver applicants to provide positive proof of Rhode Island residency in the form of drivers licenses, passports, tax or utility bills.

URI Response: The University has updated the Disabled Veteran tuition waiver form to clearly state the eligibility requirement of RI residency. Students will be required to sign that they understand and have met all of the eligibility requirements. A residency check box has also been added to the form which will prompt the staff member to verify the residency status of the student as part of the approval process. As a secondary measure, the Bursar, or her designee, will confirm by semester, via a query, that all waiver recipients have met the instate status requirement.

Unemployment Waivers Refunded

Rhode Island General Law requires applicants for a tuition waiver due to employment status to complete the Free Application for Federal Student Aid (FAFSA) if the institution determines that the student may qualify for financial aid. If the student is granted financial aid in the form of grants or scholarships, the amount of the grant or scholarship is required by law to be used to reduce the amount of the unemployment tuition waiver so that an unemployment tuition waiver does not result in a refund to the student. During our review of unemployment tuition waivers at the Community College of Rhode Island, we found seven (7) students who were given unemployment tuition waivers, were also recipients of grants or scholarships; and the grant or scholarship was not used to reduce the amount of the unemployment waiver. As a result of this failure to reduce the amount of the tuition waiver, a total of \$3,972 was inappropriately refunded to the seven (7) students.

Finding 7: The Community College of Rhode Island improperly refunded grant and scholarship money to seven (7) students who also qualified for an unemployment tuition waiver.

Recommendation: The Community College of Rhode Island should institute controls that will ensure recipients of unemployment tuition waivers are not refunded the value of any grants or scholarships received.

CCRI Response: Concur. The Community College of Rhode Island has a process that identifies current term/ semester refunds to waiver recipients. These accounts are analyzed and the waiver adjusted to prevent the student from receiving a refund. The seven instances that resulted in refunds were caused by subsequent grant and scholarship awards that were issued after the term/ semester had closed and the waiver established. CCRI has completed adjusting its software system and past term/semester refund process to mirror the same standards and settings as its current term process. This ensures that all waivers are adjusted regardless of when the grant or scholarship arrives.

Appendix A

Board of Governors for Higher Education Policy

Below is the text of the Board of Governors for Higher Education policy for the granting of tuition waivers, as well as the text of tuition waiver clauses extracted from the collective bargaining agreements entered into by the Board of Governors for Higher Education. The below policy statement appears as a section within the Board's Personnel policy as revised in January 2009.

4.16 Tuition Waiver

Tuition waiver is applicable to full-time, non-classified employees of the Board of Governors, according to the following, unless specifically designated otherwise in a collective bargaining agreement: waiver of fees shall be limited strictly to tuition. The individual must pay all other fees, book, supplies, travel, and other expenses.

Tuition or course charges for institutions under the jurisdiction of the Board of Governors may be waived for eligible employees. This waiver applies to the employee's spouse or domestic partner as defined in RIGL 36-12-1 and legal (as defined by IRS regulations) dependents who are pursuing courses in a regular study program for credit at the first baccalaureate level only. In the event of an employee's death, the tuition waiver benefit shall be provided for those spouses or domestic partners as defined in RIGL 36-12-1 and legal dependents who have been accepted or are enrolled at the time of such death and who maintain continuous enrollment.

Only full-time employees are eligible.

If an employee is on leave without pay, neither the employee nor his or her spouse or domestic partner as defined in RIGL 36-12-1 or legal dependents are eligible for tuition waiver unless specifically approved by the institution.

Tuition waivers are not applicable to non-credit courses.

Appendix B

Collective Bargaining Agreement Clauses

Below are the clauses from the Board of Governor's collective bargaining agreements that address the tuition waiver benefit.

Rhode Island College

RIC/AFT Local #1819

B.5 Tuition Waiver--General fees or course charges for all faculty members of institutions under the jurisdiction of the Board of Governors may be waived when they undertake a regular study program at their own or another institution, the level of eligibility for faculty members being unlimited. The same fee remission applies to legal dependents and domestic partners only when pursuing courses for credit at the baccalaureate level.

PSA@RIC

14.6 Tuition Waiver:

- a. General fees or course charges of institutions under the jurisdiction of the Board of Governors may be waived for all members of the bargaining unit when they undertake a regular study program at their own or another institution. The level of eligibility for members of the bargaining unit shall be unlimited. The same fee remission applies to spouses, legal dependents, and domestic partners as defined in RI G L Section 36-12-1 when pursuing courses for credit to the baccalaureates level. In the event of the death of the a staff member while employed, the benefit of this section shall continue to be provided for those spouses, legal dependents, and domestic partners as defined in RIGL Section 36-12-1 who had been accepted or enrolled at the time of such death.
- b. PSA@RIC members with seven (7) or more years of full-time service at Rhode Island College who die while in the employ of the institutions shall have their respective spouses, dependents, and domestic partners as defined in RIGL Section 36-21-1 vested with the right to have tuition costs waived given the following parameters:
 1. Souse or domestic partner as defined in R.IGL Section 36-12-1:
 - i. would have ten (10) years from date of death to enroll in courses;
 - ii. would have tuition costs waived when pursuing courses for credit at the baccalaureate level or up to 130 credits in a career oriented field;

- iii. all course work must be completed by the end of the academic term immediately following the fifteenth anniversary of the employee's death, at which time the tuition waiver will cease; and
- iv. tuition waiver will be provided only at those public institutions under the jurisdiction of the Board of Governors.

2. Dependent children:

- i. eligible for tuition waiver when pursuing courses for credit toward their initial baccalaureate degree provided they have enrolled by their 22nd birthday and maintain continuous enrollment;
 - ii. tuition waiver will be provided only at those public institutions under the jurisdiction of the Board of Governors;
3. special circumstances and/or requests for deviations from these procedures shall be at the discretion of the College President and/or the Board of Governors; and
4. tuition waivers are not applicable to non-credit courses.

RIC Adjunct Faculty Union – tentative agreement

No provisions.

University of Rhode Island

AAUP Part time Faculty

No language.

URI Chapter of AAUP

14.5 Tuition Waiver--General fees or course charges for all full-time faculty members may be waived when they undertake a regular study program at the University. Spouses, children, and domestic partners of full-time faculty who are not full-time students may be registered, with the approval of the Registrar, for no more than three (3) courses up to and

including eleven (11) credits in any one semester for undergraduate work and no more than two (2) courses up to and including eight (8) credits in any one semester for graduate work.

Spouses, children, and domestic partners of full-time faculty, enrolled full- or part-time in the University, degree or non-degree candidates, shall pay all regular University fees except the General Fee. Children eligible are those who are unmarried and under age twenty-one (21) at the time of original registration and who remain continuously registered.

14.5.1--Tuition Waiver as described in this Article for all full-time faculty members shall also be made available for courses at the Community College of Rhode Island and Rhode Island College when the eligible spouses, children, or domestic partners pursue courses for credits at the baccalaureate level in a regular study program.

14.5.2--If a student, who is otherwise eligible for tuition waiver in this section, withdraws while in good academic and disciplinary standing at the University and is readmitted within one (1) year to the University, then he/she shall continue to be eligible for tuition waiver so long as he/she remains continuously registered thereafter and is otherwise eligible.

14.5.3--The tuition waiver benefit as described in Section 14.5 will be made available for children, spouses, and domestic partners of deceased faculty members who have served full-time for seven (7) or more years and who are in the employ of the University at the time of death.

XI. Tuition Waiver

The eligibility of limited period lecturers and their spouses and legal dependents for tuition waiver benefits shall be subject to and in accordance with the policies of the Board of Governors.

Association of Clerical-Technicals/NEARI/NEA

3

MEMORANDUM OF AGREEMENT
BETWEEN
STATE OF RHODE ISLAND/UNIVERSITY OF RHODE ISLAND
AND
THE ASSOCIATION OF CLERICAL-TECHNICALS/NEA

The Association of Clerical-Technicals/NEARI/NEA and the State and the University of Rhode Island agree as follows:

1. Members of the bargaining unit are eligible for tuition remission for non-credit courses for the term of the current agreement, which are run by the University of Rhode Island's College of Continuing Education according to the following conditions:
 - a. Payments will be limited strictly to tuition. All fees, books and other expenses must be paid for by the individual.
 - b. Waiver Students are eligible for said courses on a space available basis after paying students, and are not counted in determining whether the courses has enough students to run or is to be cancelled.

In consideration of the foregoing, the ACT/NEARI/NEA hereby withdraws, with prejudice, the grievance regarding Tuition Remission.

***Effective July 1, 1990, the parties agree that the Memorandum of Agreement in regards to non-credit courses is considered null and void, and non-credit courses are not eligible for tuition waiver.

5

LETTER OF UNDERSTANDING
BETWEEN
STATE OF RHODE ISLAND/UNIVERSITY OF RHODE ISLAND
AND
THE ASSOCIATION OF CLERICAL-TECHNICALS/NEA

For the duration of the current Agreement between the Board of Governors and the URI ACT/NEA Clerical-Technical Bargaining Unit, full-time URI employees, their spouses, and their dependent children will be eligible for tuition limitations:

1. The employee must work full-time.
2. The employee must be a resident of Rhode Island for six (6) months.
3. Payments will be limited strictly to tuition. All fees, books and other expenses must be paid for by the individual.
4. All courses will be taken on a "space available" basis.
5. In the event of an employee's death, the tuition waiver benefit shall be provided for those spouses and legal dependents who have been accepted or are enrolled at the time of such death and who maintain continuous enrollment.
6. If an employee is on leave without pay, neither he/she nor his/her spouse and/or legal dependents are eligible for tuition waiver unless specifically approved by the institution.
7. Effective January 1, 1994, dependents and spouses shall no longer be eligible to enroll in courses at the Master's degree level. Any dependent or spouse who is enrolled in a Master's degree program will be able to continue in such program. Spouses and dependents who have applied for admission to a Master's degree program must have attained either acceptance into a program, admission with prerequisites, or promising student status by January 1, 1994.

Employees may pursue one (1) degree at the baccalaureate level and one (1) degree at the Master's level. Spouses and dependent children may pursue one (1) degree at the baccalaureate level. Courses may be taken either on a full-time or part-time basis.

7

MEMORANDUM OF AGREEMENT
BETWEEN
STATE OF RHODE ISLAND/UNIVERSITY OF RHODE ISLAND
AND
THE ASSOCIATION OF CLERICAL-TECHNICALS/NEA

15. A not less than 20 period position which is full-time shall be considered full-time for purposes of eligibility for tuition waiver consistent with other provisions of the Agreement.

Maritime Professional Association AFSCME, Council 94, Local 2877A

Article XI

TUITION WAIVER

11.1--Tuition or course charges for institutions under the jurisdiction of the Board of Governors may be waived for eligible full-time crew members. This waiver applies to the employee's spouse and legal dependents who are pursuing courses in a regular study program for credit at the first baccalaureate level only. In the event of an employee's death, the tuition waiver benefit shall be provided for those spouses and legal dependents who have been accepted or are enrolled at the time of such death and who maintain continuous enrollment.

University of Rhode Island Physicians' Association /NEARI

G. Tuition Waiver--General Fees or course charges of institutions under the jurisdiction of the Board of Governors for Higher Education may be waived for all full-time members of the bargaining unit when they undertake a regular study program at their own or another institution. The level of eligibility for members of the bargaining unit shall be unlimited. The same fee remission applies to spouse and legal dependents when pursuing courses for credit to the baccalaureate level.

URI Professional, Technical, Administrative Association Local 2877 Council 94, AFSCME

12.7 Tuition Waiver--General fees or course charges for all full-time employees may be waived when they undertake a regular study program at the University. Spouses and children of full-time employees who are not full-time students may be registered, with the approval of the Registrar, for no more than three (3) courses up to and including eleven (11) credits in any one semester for undergraduate work and no more than two (2) courses up to and including eight (8) credits in any one semester for graduate work.

12.7.1--Spouses and children of full-time employees, enrolled full- or part-time in the University, degree or non-degree candidates, shall pay all regular University fees except the General Fee. Children eligible are those who are unmarried and under age twenty-one (21) at the time of original registration and who remain continuously registered.

12.7.2--General fees or course charges may be *waived* for all full-time employees, their spouses, and their children when they undertake a regular program of study at the undergraduate *level* at any postsecondary institution in the Board of Governors' system other than the University.

**MEMORANDUM OF AGREEMENT
BETWEEN PTAA/AFSCME
AND BOARD OF GOVERNORS/UNIVERSITY OF RHODE ISLAND
RE: Academic Year Positions
2011-13 CONTRACT**

12--An academic year position which is full-time shall be considered full-time for purposes of tuition waiver, and the break in service (furlough) shall be considered as time worked for purposes of eligibility for tuition waiver, consistent with other provisions of the Agreement.

URI PSA/NEARI/NEA

19.6 Tuition Waiver:

- a. General fees or course charges of institutions under the jurisdiction of the Board of Governors may be waived for all full-time members of the bargaining unit when they undertake a regular study program at their own or another institution. The level of eligibility for members of the bargaining unit shall be unlimited. The same fee remission applies to spouses and legal dependents when pursuing courses for credit to the baccalaureate level.
- b. In the event of an employee's death, the tuition waiver benefit shall be provided for those spouses and legal dependents who have been accepted or are enrolled at the time of such death and who maintain continuous enrollment.

**American Association of University Professors, Part time faculty United
(URI/AAUP, PTFU)**

No language found.

Community College of Rhode Island

CCRI and Faculty Association (NEA/CCRIFA)

MEMORANDUM OF AGREEMENT

#9--Spouses and children of faculty members with seven (7) years or more of full-time service who die while in the employ of the institution shall be eligible for the dependents' tuition waiver benefits set forth in Article XV subject to the following conditions:

1. The spouse and the child shall be unmarried.
2. The child shall be under age twenty-one (21) at the time of initial registration and must be continuously registered full time thereafter.
3. The child must be claimed as a legal dependent.

CCRI Professional Staff Association (CCRIPSA/NEARI/NEA)

6.7 Tuition Waiver--General fees or course charges of institutions under the jurisdiction of the Board of Governors may be waived for full-time members of the bargaining unit when they undertake a regular study program at their own or another institution. The level of eligibility for members of the bargaining unit shall be unlimited. The same fee remission applies to spouses and legal dependents when pursuing courses for credit to the baccalaureate level. In the event of the death of a staff member while employed, the benefit of this section shall be continued to be provided for those spouses and legal dependents who had been accepted or enrolled at the time of such death.

CCRI Drivers Education

No language in the contract.

CCRI Educational Support Professional Association (CCRI NEARI)

11--A not less than twenty (20) pay period position which is full-time shall be considered full-time for purposes of tuition waiver, consistent with other provisions of the Agreement.

LETTER OF UNDERSTANDING

For the duration of the current Agreement between the State, CCRI, and ACE/NEA, all members of the bargaining unit, their spouses and their dependent children will be

eligible for tuition remission within the Board of Governors for Higher Education system subject to the following limitations:

- General fees or course charges of institutions under the jurisdiction of the Board of Governors may be waived for all members of the bargaining unit when they undertake a regular study program at their own or another institution. The level of eligibility for members of the bargaining unit shall be unlimited. The same fee remission applies to spouses and legal dependents when pursuing courses for credit to the baccalaureate level.
- In the event of the death of a staff member while employed, the benefit of this Section shall be continued to be provided for those spouses and legal dependents who had been accepted or enrolled at the time of such death.

Appendix C

The full text of all enabling legislation that governs the tuition waivers examined in this report is contained below.

National Guard

TITLE 30 Military Affairs and Defense

CHAPTER 30-3 National Guard

SECTION 30-3-40.3

§ 30-3-40.3 Educational benefits for National Guard members. – (a) Any person who is an active member in good standing of the Rhode Island National Guard, and who is eligible to attend at any state college or university in Rhode Island, will be eligible for a tuition assistance educational benefit amounting to five (5) courses per semester at any Rhode Island state college or university. Basic tuition or general fee charges to be waived for said five (5) courses. Each of the state colleges or universities shall receive an equal share of the educational account funding for Rhode Island National Guard members, the account to be administered by the office of the adjutant general. The exact amount for each institution shall be determined by the board of governors. The total amount of funds in the education account shall not exceed one hundred thousand dollars (\$100,000) in any fiscal year.

(b) In order to be eligible for tuition waivers a person must remain a member in good standing in the Rhode Island National Guard and a student in good standing at any state college or university. A member in good standing is defined as any soldier or airperson of the Rhode Island National Guard who is currently satisfactorily participating in all unit training assemblies and annual training periods, as so certified by the adjutant general.

(c) Those guard members wishing to participate in this program must enter into a contractual enlistment commitment which provides for one year of obligated service in the Rhode Island National Guard for each twelve (12) course credits or four (4) three (3) credit courses where the soldiers' or airpersons' tuition will be waived. Such assistance shall be available for courses creditable to associate, bachelor's, or master's degrees. Failure to satisfactorily fulfill the service obligation incurred in return for tuition assistance will require the participant to repay a pro-rata share of said assistance. This obligation shall be considered to be a debt owed to the state and may be satisfied by offset against any state transfer payments or state income tax refunds. The participating

member shall reimburse the Rhode Island National Guard when any of the following occur: the soldier fails to participate satisfactorily as a member of the Rhode Island National Guard; the soldier withdraws from or fails to complete a course for personal reasons; the soldier fails to make up an incomplete grade within time limits stipulated by the institution or one hundred twenty (120) days after the completion of the class, whichever occurs first, or the soldier fails to provide the adjutant general a copy of the grade report within thirty (30) days of course completion and may be subject to punishment under the Rhode Island Military Code.

History of Section.

(P.L. 1994, ch. 275, § 1; P.L. 1995, ch. 370, art. 40, § 100; P.L. 1999, ch. 155, § 1; P.L. 1999, ch. 251, § 1; P.L. 2002, ch. 209, § 1; P.L. 2005, ch. 284, § 1; P.L. 2005, ch. 302, § 1; P.L. 2007, ch. 73, art. 9, § 1.)

Disabled American Veterans

TITLE 30

Military Affairs and Defense

CHAPTER 30-30.1

Educational Benefits for Disabled American Veterans

SECTION 30-30.1-1

§ 30-30.1-1 Educational benefits for disabled American veterans. – Any veteran who is a permanent resident of this state who submits proof sufficient to establish a veterans' rated ten percent (10%) to one hundred percent (100%) disability by the department of veterans' affairs as a result of military service shall be entitled to take courses at any public institution of higher education in the state without the payment of tuition, exclusive of other fees and charges; Provided, however, that any person eligible for financial aid as determined by the institution of higher education, shall apply for such financial aid. Any financial aid award received by the applicant shall be applied towards the full amount of tuition that would otherwise have been charged by the public institution of higher education. Admission into particular courses will be granted upon a space available basis and shall be at the discretion of the particular institutions to which application is made as aforesaid.

History of Section.

(P.L. 1994, ch. 438, § 1.)

Unemployment

TITLE 28 Labor and Labor Relations

CHAPTER 28-42 Employment Security – General Provisions

SECTION 28-42-81

§ 28-42-81 Tuition costs. – (a) Any individual who receives any sums as benefits pursuant to chapters 42 – 44 of this title whose household income is less than three (3) times the federal poverty level as established by the U.S. Department of Health and Human Services and who may not be claimed as a dependent for federal income tax purposes, shall be eligible to enroll in any course, for credit, in any college or university operated by the state, without the payment of any tuition or registration fees; provided, that any person eligible for financial aid, as determined by the institution of higher education, shall apply for financial aid. Any financial aid award received by the applicant shall be applied toward the full amount of tuition that would otherwise have been charged by the college or university. This section shall not be applicable in any course without a vacancy, nor shall the registration of any such individual(s) be considered in determining the minimum number of students necessary for a given course to be offered. The enrollment shall not deem the individual to be ineligible for any benefits for which he or she would have otherwise been eligible. Any individual who enrolls in any course pursuant to this section shall still be required to comply with § 28-44-12.

(b) Any individual who has exhausted benefits within a sixty (60) day period before the start of a class for which that individual has registered in a state college or university shall be eligible for benefits pursuant to this section.

(c) Any individual whose tuition benefits have become exhausted after he or she has started a class in a state college or university, shall be eligible for continuation of tuition benefits pursuant to this section until the completion of the class.

History of Section.

(G.L. 1956, § 28-42-78; P.L. 1986, ch. 374, § 1; P.L. 1991, ch. 119, § 1; P.L. 1993, ch. 65, § 1; P.L. 1993, ch. 138, art. 52, § 2.)

Senior Citizens

TITLE 16 Education

CHAPTER 16-55 Educational Benefits for Persons Over Sixty

SECTION 16-55-1

§ 16-55-1 Educational benefits for persons over sixty. – Any person who is a permanent resident of this state and who submits proof sufficient to establish his age of sixty (60) years or older and whose household income is less than three (3) times the federal poverty level as established by the U.S. department of health and human services shall be entitled to take courses at any public institution of higher education in the state without the payment of tuition, exclusive of other fees and charges; provided, that any person eligible for financial aid, as determined by the institution of higher education, shall apply for the financial aid. Any financial aid award received by the applicant shall be applied toward the full amount of tuition that would have been charged by the public institution of higher education. Admission into particular courses will be granted upon a space available basis and shall be at the discretion of the particular institutions to which application is made.

History of Section.

(P.L. 1976, ch. 320, § 1; P.L. 1981, ch. 174, § 1; P.L. 1993, ch. 67; § 1; P.L. 1993, ch. 138, art. 52, § 1.)