



# Board of Regents University System of Georgia

Out-of-State Tuition Waivers  
Audit Review and Policy Revisions  
January 8, 2014



# Performance Audit

- Special Examination by the Georgia Department of Audits
- Examination Requested by Senate Appropriations Committee
- Specific Issues and Questions Addressed:
  - Examine policies regarding out-of-state tuition waivers
  - Type of students receiving waivers
  - Whether waivers are authorized by statute or BOR policy
  - Administrative policies used to grant waivers
  - Value of waivers (i.e. – Potential Revenue Foregone)
  - Waiver practices of other states
- Audit Report Consists of Answers to Questions – Not Findings
- Audit Suggestions and Potential Board Policy Revisions



# Out-of-State Tuition Waivers

- Provides In-State Tuition to Non-Georgia Resident Students
  - Non-Resident Tuition Typically 3 to 4 Times In-State Tuition Rate
  - Value of Out-of-State Waiver = \$3,730 to \$9,298 Per Semester
- Out-of-State Tuition Waivers Used to Recruit Students
  - Recruit Highly Competitive Students (Not Likely to Attend USG)
  - Economic Development (7% of waivers), Military (22% of waivers)
  - Maintain and Increase Enrollment (Help Offset Cost of Facilities)
- Total of \$106 Million Out-of-State Tuition Waivers (2012-2013)
  - Total Tuition Waived By Institution: \$55,000 to \$15.8 Million
  - Approximately 40% of Tuition Dollars Waived at GT, UGA and GA State
  - Columbus State University – Highest Number of Waivers (Military)
- Over 22,387 Waivers (one semester) Awarded to 9,456 Students

*“Creating A More Educated Georgia”*



# Out-of-State Tuition Waivers

## From the Audit Report:

“It is important to understand the value of out-of-state tuition waived does not necessarily represent foregone revenue to the institutions. To determine the extent to which institutions did truly forgo the out-of-state tuition revenue, we would need to know whether (a) the student receiving a waiver would have chosen to attend a USG institutions without the waiver, or, if not, (b) there is another non-resident student that would attend and pay the out-of-state tuition.”



# Out-of-State Tuition Waivers

- 18 Separately Identified Out-of-State Tuition Waivers
  - Designated in the Board of Regents Policy Manual 7.3.4
  - No Out-of-State Waivers in the Official Code of Georgia Annotated
- Board Policy Manual Establishes Conditions for Waivers
- 16 Mandatory and 2 Discretionary Out-of-State Waivers
- Primary Groupings/Purposes:
  - Military
  - Economic Development
  - Reciprocal/Border Counties/Employees
  - Superior and International Students (Discretionary)
    - Academics
    - Athletics



# Current Out-of-State Waivers

## **MANDATORY: Student Meets Requirements/No Latitude**

- 1) Academic Common Market (Reciprocal)
- 2) Border County Residents
- 3) Career Consular Officials
- 4) Competitive Economic Development Projects (Economic Dev.)
- 5) Economic Advantage (Economic Dev.)
- 6) Full-Time School Employees (TCSG, Georgia Public Schools)
- 7) Georgia-Based Corporations (Economic Dev.)
- 8) Georgia National Guard and U.S. Military Reservists (Military)
- 9) ICAPP Advantage Programs (Economic Dev.)
- 10) International and Domestic Exchange Programs (Reciprocal)



# Current Out-of-State Waivers

## **MANDATORY:**

- 11) Medical/Dental Students and Interns (GRU)
- 12) Military Personnel (Military)
- 13) Non-Resident Students
- 14) Recently Separated Military Service Personnel (Military)
- 15) University System Employees
- 16) Vocational Rehabilitation Waiver

## **DISCRETIONARY: Criteria Defined by Institution**

- 17) International and Superior Out-of-State Students
- 18) Research University Graduate Students (Research Institutions)

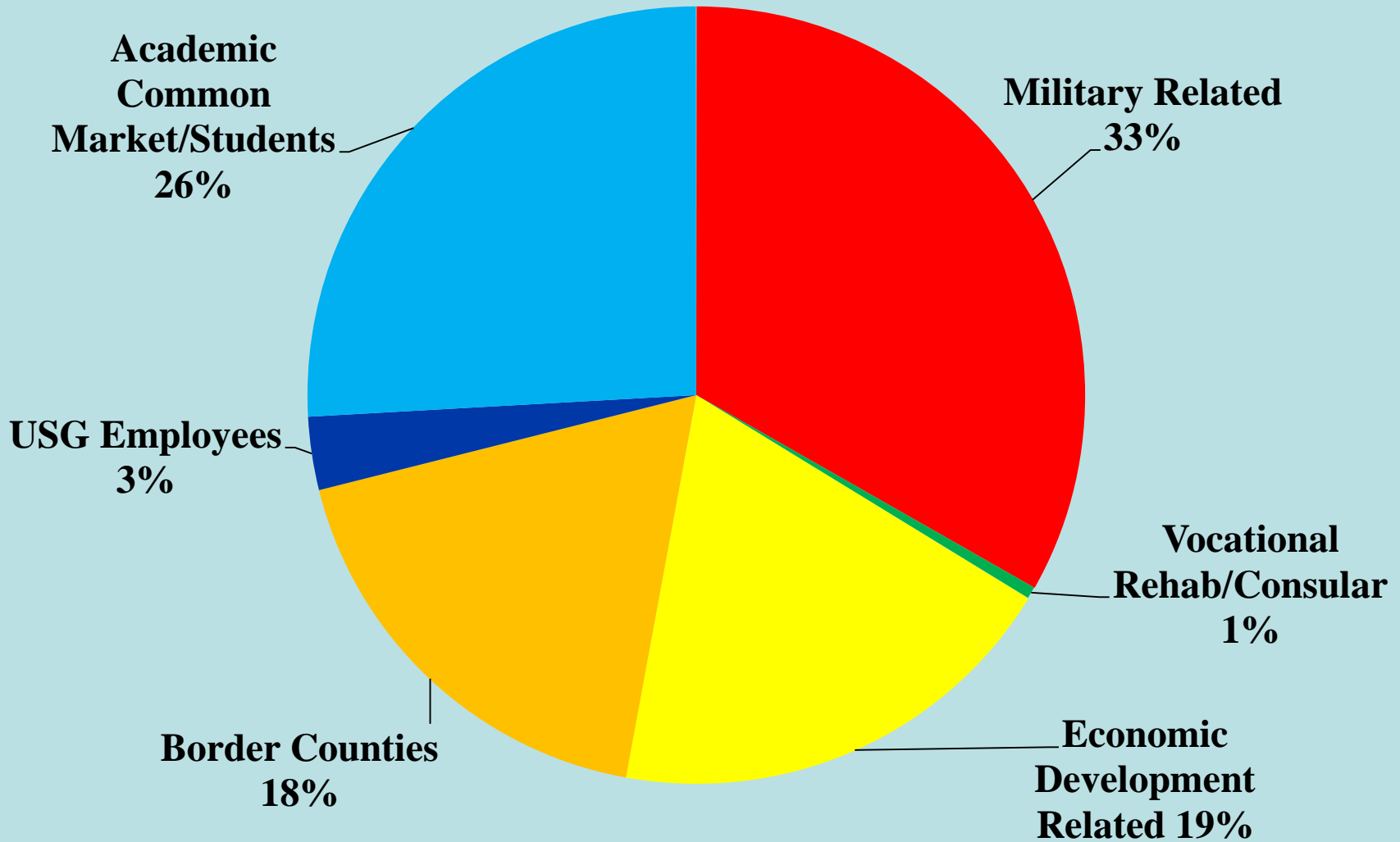
# Out-of- State Tuition Waivers: 2012-2013

	<u>Semester Waivers</u>	<u>Tuition Waived</u>
<b><u>Mandatory Waivers:</u></b>		
Military Personnel	4,230	\$ 15,325,338
Border County Residents	2,783	10,165,095
Economic Advantage	1,633	8,431,244
Non-Resident Students	1,496	6,437,543
International and Domestic Exchange Programs	642	5,137,609
Academic Common Market	418	2,909,832
Recently Separated Military Service Personnel	606	2,441,637
Full-Time School Employees	411	2,101,608
University System Employees	741	1,695,947
Georgia National Guard and U.S. Military Reservists	165	831,282
Career Consular Officials	50	240,204
Georgia-Based Corporations	25	153,246
Competitive Economic Development Projects	7	37,041
Vocational Rehabilitation Waiver	7	34,973
ICAPP Advantage Programs	0	0
Medical & Dental Students and Interns	<u>0</u>	<u>0</u>
<b>Mandatory Subtotal (59% Total Waivers - 52.6% Tuition Waived)</b>	<b>13,214</b>	<b>\$ 55,942,598</b>



# Mandatory Waivers

\$55,942,598 Total (2012-2013)

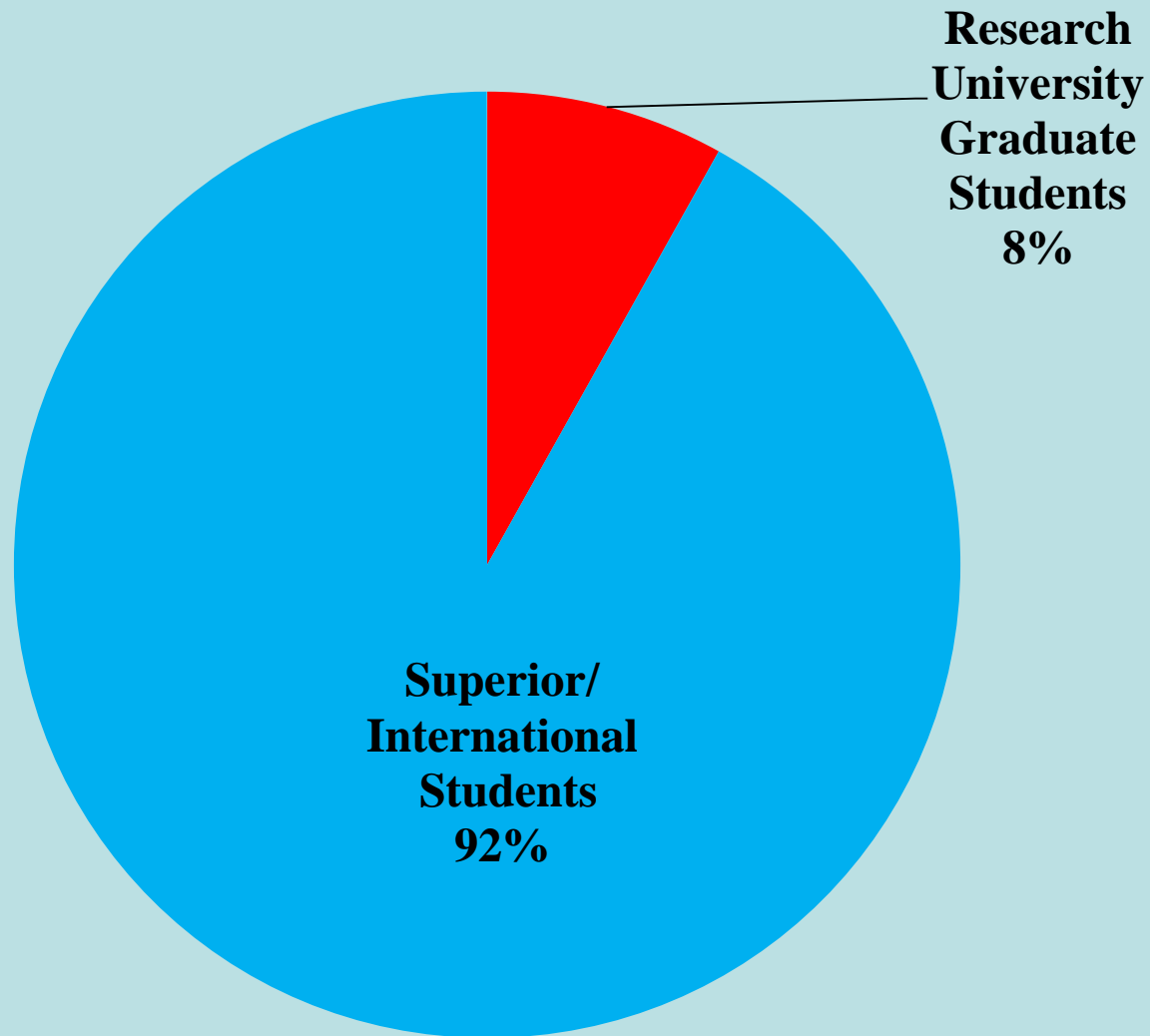


# Out-of- State Tuition Waivers: 2012-2013

	<u>Semester Waivers</u>	<u>Tuition Waived</u>
<b><u>Discretionary Waivers:</u></b>		
Superior Out-of-State Students (Majority: Academics and Athletics)	5,688	\$ 31,342,926
International Students (Subset of Superior Out-of-State Students)	2,999	15,005,468
Research University Graduate Students	<u>486</u>	<u>4,102,936</u>
<b>Discretionary Subtotal (41% Total Waivers - 47.4% Tuition Waived)</b>	<b>9,173</b>	<b>\$ 50,451,329</b>
<b>TOTAL – ALL WAIVERS</b>	<b>22,387</b>	<b>\$106,393,928</b>

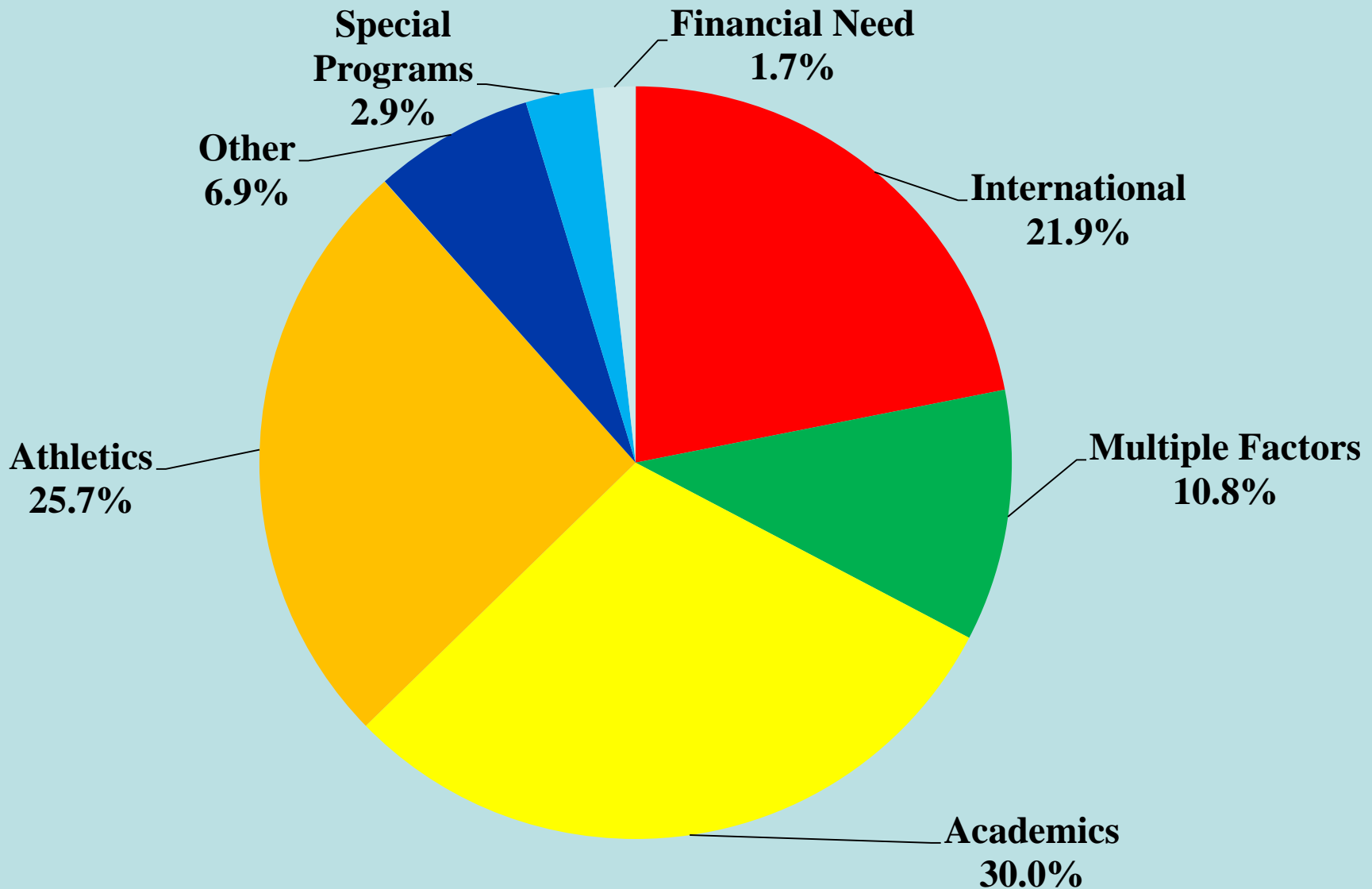
# Discretionary Waivers

\$50,451,329 Total (2012-2013)



# Superior and International Student Waivers

\$46,348,394 Total (2012-2013)





# Superior Out-of-State Student Waivers

- Superior and International Out-of-State Students:
  - **Academic Ability** (\$16.3 Million Waived): High GPA, Scholarships and Fellowships
  - **Student Athletes** (\$11.6 Million Waived): Participation in Institution Athletics
  - **International Diversity** (\$9.3 Million Waived): International Education and Cultural Diversity
  - **Specialty Programs** (\$1.3 Million Waived): Special Skills (Such as Art, Music, etc.) and Special Programs for Veterans
  - **Financial-Need** (\$769K Waived): Financial Hardship
  - **Multiple Factors** (\$3.8 Million Waived): Combination of Above
  - **Other** (\$3.2 Million Waived): Unidentified – 7% of Superior Waivers



# Superior Out-of-State Student Waivers

- Requirements for Superior Waivers Not Defined in Board Policy
  - Academics
  - Athletics
  - Other Talents
- Each Institution Develops Own Criteria
- Superior Waivers are Limited:
  - Limit of 4% at Research Institutions
  - Limit of 2% at All Other Institutions
- Most Institutions Do Not Use All Allowable Superior Waivers
  - Actual Superior Awards 8,687 (57.4%) of 15,112 Maximum
  - Total Awards of \$46.3 Million vs. \$110.6 Million Maximum



## Other States

- Audit Report Reviewed Alabama, Florida, North Carolina, South Carolina, Tennessee, Texas, and Virginia
- Most States Have Same or Similar Waivers:
  - Military Waivers
  - Reciprocal/Border County Waivers
  - Academic Common Market
- Approximately Half of the States:
  - Economic Development Waivers
  - Employee Waivers
- USG Unique Waivers (GRU, ICAPP and Vocational Rehab)
- Other States: Some Waivers in Policy and Some in Law



# Audit Observations

- Improve Reliability of Waiver Data
  - Discrepancies Between System Total Waivers and Institution Data
  - Some Waivers Coded as “Other”
- Need Clear Oversight and Designation as to Who Approves Discretionary Out-of-State Waivers at Each Institution
- Consider a Study of Effectiveness of Out-of-State Waivers
- Establish Some Criteria/Standards for Awarding Superior Student Out-of-State Waivers
  - GPAs and SAT Scores Do Not Always Support “Highly Qualified”
  - Criteria Will Provide for Consistency





# Potential Policy Revisions (For Board Discussion)

- Organize/Group Waivers By Category and Improve Data Quality
- Eliminate the ICAPP Advantage waiver
- Combine the remaining 17 waivers into 8 waivers:
  - Combine five economic development waivers into one “Economic Development” waiver
  - Combine two employee-related (one for USG and for TCSG/teachers) waivers into one “Employee” waiver
  - Combine three military-related waivers into one “Military” waiver
  - Combine two reciprocal waivers (Academic Common Market and exchange programs) into one “Reciprocal” waiver
  - Combine the R1 graduate student waiver and medical/dental residents and interns waiver into “Research University Graduate Students” waiver.



# Superior Waiver Policy Questions (For Board Discussion)

- How should International and Superior Student Out-of-State Waivers be used by the System and Institutions?
- Should waivers be apportioned and/or limited between academics, athletics, international students, financial need and other categories?
- Should quantitative criteria (tied to admissions standards, e.g., Freshman Index, GPAs, etc.) be added to the International and Superior Out-of-State Student Waiver policy?
- How to phase-in any policy change(s) to avoid harming any current student granted an out-of-state waiver?



# Potential Policy Revisions

## (For Board Discussion)

- Add quantitative criteria (tied to admissions standards, e.g., Freshman Index, GPAs, etc.) to the International and Superior Out-of-State Student Waiver
  - Students awarded waiver demonstrate superior performance as reflected by “academic success, professional achievement, or other noteworthy accomplishments” ... and as documented in the institutional policy.
  - Notwithstanding the first bullet, recipients of this waiver shall minimally score within the top quartile of the admissions criteria applicable to that student’s program. For general admission, this would likely mean the Freshman Index score, etc. while for a graduate program it could mean the GRE, GMAT, etc.
  - The institution would define how to implement this policy given these criteria but would be bound by the top quartile rule unless they obtain approval for an alternative method from the USG Chief Academic Officer.



# Board of Regents University System of Georgia

Out-of-State Tuition Waivers  
Audit Review and Policy Revisions  
January 8, 2014