



OFFICE OF THE STATE AUDITOR

Performance Audit – Tuition Waivers and Student Stipends Report Highlights

Purpose

The performance audit of tuition waivers and student stipends at NDUS institutions was conducted by the Office of the State Auditor pursuant to a motion passed by the Legislative Audit and Fiscal Review Committee.

Audit Conclusion

We determined improvements were needed with tuition discounts, tuition waivers, and student stipends to increase uniformity and establish accountability.

Audit Recommendations

Our audit resulted in 10 formal recommendations. SBHE fully agreed with 8 of the recommendations. Management's agreement/disagreement with each recommendation and the 10 recommendations are included in Appendix A of the report. There are no Office of the State Auditor's concluding remarks in this report.

Background

Organized as a system in 1990, NDUS is comprised of 11 institutions governed by the eight voting members of SBHE. For the purposes of this audit, we defined the following key terms:

- **Discount:** a reduction in the tuition rate prior to the charge being applied to a student's account.
- **Waiver:** a reduction in the tuition charge after being applied to a student's account and no money is received and/or transferred.
- **Stipend:** a payment made to a graduate student for work performed in the field of study.

Summary Information

- Tuition discounts were \$96 million, \$104 million, \$110 million, and \$112 million in the four academic years (using the definition of discount we established). It should be noted the significantly high discount amounts are mainly due to certain institutions having a nonresident tuition rate set at 267% of the resident rate.
- Discounted tuition rates are available to students from over 20 states and two provinces.
- \$1 billion of tuition was charged to students in the four academic years. \$130 million (12%) in tuition waivers was granted (using the definition of waiver we established).
- Approximately 2% of the total tuition waivers in the four academic years were granted due to requirements in state law.
- NDSU and UND accounted for approximately 75% of tuition charged in the four academic years. NDSU waived \$69 million in tuition. UND waived \$37 million in tuition. Over 55% of NDSU and UND total tuition waived was for 100% non-statutory waivers (total tuition charged was waived to zero).
- NDSU waived approximately 70% of tuition charged to graduate students (excludes pharmacy students). NDSU graduate students receiving waivers had approximately 95% of tuition charged waived. NDSU graduate students received stipend payments totaling \$44 million.
- UND waived approximately 30% of tuition charged to graduate students (excludes medical and law students). UND graduate students receiving waivers had approximately 89% of tuition charged. UND graduate students received stipend payments totaling \$35 million.
- International students received 40% of the total tuition waivers in the four academic years. Resident students received 32% of the total tuition waivers.
- Five institutions granted the majority of waivers to resident students in the four academic years. The institutions include BSC (92%), LRSC (68%), MiSU (64%), UND (44%), and WSC (48%).
- Four institutions granted the majority of waivers to nonresident students in the four academic years. The institutions include DCB (59%), MaSU (53%), NDSCS (52%), and VCSU (57%).
- Two institutions granted the majority of waivers to international students in the four academic years. The institutions include DSU (57%) and NDSU (50%).

List of Recommendations and Management Responses

	Recommendation	Agree	Disagree	Mixed
1-1	We recommend the State Board of Higher Education establish common definitions within the University System for discounts, waivers, and stipends. The Board should require institutions to review coding of discounts, waivers, and stipends.	<u>X</u>	_____	_____
1-2	We recommend the State Board of Higher Education require institutions to establish policies/procedures for institutional tuition waivers. The policies/procedures should address eligibility, application process, selection criteria, awarding process, and monitoring.	<u>X</u>	_____	_____
1-3	We recommend the State Board of Higher Education ensure all criteria are clearly defined for tuition waivers established in Board policy.	<u>X</u>	_____	_____
1-4	We recommend the State Board of Higher Education establish a waiver policy for institution employee spouse/dependents and University System Office personnel.	_____	_____	<u>X</u>
1-5	We recommend the State Board of Higher Education establish policies for cultural diversity, international, graduate, and other common institutional tuition waiver types.	_____	_____	<u>X</u>
1-6	We recommend the State Board of Higher Education establish limits on the tuition waivers institutions can award.	<u>X</u>	_____	_____
1-7	We recommend the State Board of Higher Education identify and define the relevant student information required and expected for reporting purposes.	<u>X</u>	_____	_____
1-8	We recommend the State Board of Higher Education: <ul style="list-style-type: none"> a) Provide authority to an individual to identify the necessary student data to be obtained. b) Authorize the individual to establish standards related to consistent student data entry for the entire University System. c) Require all institutions follow the established standards. 	<u>X</u>	_____	_____
1-9	We recommend the State Board of Higher Education adequately monitor institutions for compliance with policies, procedures, and standards.	<u>X</u>	_____	_____
1-10	We recommend the State Board of Higher Education define internship for the entire University System and require a reporting method to readily identify internships at institutions.	<u>X</u>	_____	_____