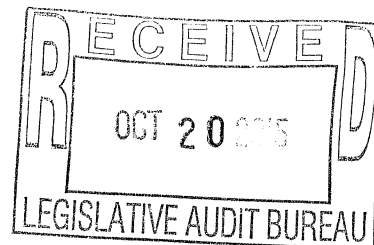




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DATE: October 20, 2015

TO: Senator Robert Cowles  
Representative Samantha Kerkman  
Co-Chairs, Joint Audit Committee

FROM: Ray Cross 

RE: Audit Follow-up

Thank you for the opportunity to update the Joint Audit Committee on two recommendations made in Audit Report 15-1, the UW System's annual financial audit. A previous update on recommendations related to program revenue balance reporting was submitted on June 30, 2015. This letter responds to recommendations on tuition remissions.

In the audit report, the Legislative Audit Bureau recommended the following to UW System Administration:

- Review the use of tuition remissions under s. 36.27(3), Wis. Stats., and the related policies and guidance provided to UW institutions.
- Report to the Board of Regents on the use of tuition remissions by the institutions and on the clarification of tuition remission policies and guidance provided to the institutions to ensure these remissions are being awarded in a consistent manner.

Following these recommendations, UW System Administration offices reiterated the statutory remission criteria to the leadership at UW institutions. Notably, on June 11 of this year, the remission criteria in 36.27(3)(a) was discussed at a meeting of the chief business officers and budget directors.

In July, the Legislature modified s. 36.27 as part of the 2015-17 Biennial Budget (2015 Act 55), to remove the nonresident remission ceiling and establish new eligibility criteria. Specifically, the previous criteria that non-resident students be both "worthy" and "needy" was removed, and the board was given broader authority to remit nonresident tuition to "those deserving of relief." These changes will better allow UW System institutions to recruit nonresident students who will support the campuses through their tuition, to bring diverse experience into the learning process, and to potentially encourage "brain gain" as students remain in Wisconsin after graduation.

While the audit report was issued before the statutory changes, UW System Administration has continued to incorporate the audit recommendations into systemwide guidance. For example, attached is a memorandum that was sent to institutions explaining the new remission flexibilities.

In addition, Regent President Millner has charged a Tuition-setting Policy Task Force to develop recommendations for board consideration. One of the committee's charges is to consider board remission policy. The task force is expected to complete its work by summer 2016.

I want to thank the Legislative Audit Bureau for its work and the Legislature for providing the university with additional tools to recruit talented students to Wisconsin. I value our partnership in serving the citizens of Wisconsin.

If you have any questions regarding these issues, please do not hesitate to contact me or Interim Vice President Julie Gordon.

Cc: Chancellors  
State Auditor Joe Chrisman  
Interim Vice President Julie Gordon  
Associate Vice President Freda Harris  
Chief Audit Executive Lori Stortz



**Associate Vice President  
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August 5, 2015

To: Chief Business Officers

From: Freda Harris

Re: Nonresident Tuition Remission Changes in the Biennial Budget

This memo provides an overview of the changes to nonresident tuition remissions in the 2015-17 Biennial Budget and guidance for implementing the new flexibilities.

**Overview**

Historically, Wis. Stat. 36.27(3) allowed UW institutions to provide tuition remissions to the following groups of students:

1. Needy and worthy nonresident students upon the basis of merit and continued high standards of scholastic attainment.
2. Individual students who, in the judgment of the board, are deserving of relief because of extraordinary circumstances.
3. Worthy and needy foreign students and to students who are United States citizens but whose residence is not in the United States.
4. Student athletes as allowed by an athletic conference.
5. Resident and nonresident graduate students who are fellows or who are employed within the system as faculty, instructional academic staff, or assistants with at least a 33 percent appointment.

The number of nonresident tuition remissions that could be granted by UW institutions was limited by a ceiling in Wis. Stat. 20.285(2)(d).

Regent Policy Documents 32-2 and 32-6 delegated the statutory remission authority to the chancellors and required the vice president for business and finance to monitor remission activity.

In the 2015-17 Biennial Budget, the remission ceiling was removed and the following new eligibility requirements were established:

1. Nonresident students upon the basis of merit and continued high standards of scholastic attainment.

2. Students who, in the judgment of the Board, are deserving of relief.
3. Student athletes as allowed by an athletic conference.
4. Resident and nonresident graduate students who are fellows or who are employed within the system as faculty, instructional academic staff, or assistants with at least a 33 percent appointment.

As noted in the 2015-16 Annual Budget, remission authority continues to be delegated to the chancellors under existing Regent policy.

### **Guidance**

Annually, UW institutions provide information to the UWSA Office of Financial Administration on tuition remissions. This information is gathered to fulfill the board requirement that UWSA monitor remission activity and is requested by the Legislative Fiscal Bureau for their informational papers. As a result, institutions will need to continue to track and report the number and value of tuition remissions granted in each of the new remission categories.

In February, the Legislative Audit Bureau released an audit of the university's management of tuition remission authority. The audit recommended that additional guidance be provided to help ensure that tuition remissions are awarded in a consistent manner.

With that recommendation in mind, institutions should document their remission eligibility criteria, procedures, or policies for awarding remissions under the new eligibility categories. The objective of this request is to promote consistency in how remissions are granted at institutions. UW System Administration is required to report back to the Joint Audit Committee by October 1, 2015, regarding our progress in this area.

Please note that the biennial budget only provides flexibility for nonresident tuition remissions, which are limited to the amount that nonresident students pay above resident tuition. There is no new flexibility provided on academic fee (more commonly called resident tuition) remissions. A remission may not reduce the amount charged to a nonresident student below the amount charged to resident students, except as allowed for athletic scholarships and graduate assistants.

Please also note that institutions will continue to be responsible for meeting their annual tuition revenue targets. Institutions may wish to carefully consider potential revenue losses that can result from granting tuition remissions to current nonresident student or to nonresident students who are likely to enroll without a remission.

Please contact Adam Pfof at 608-262-4836 or [apfof@uwsa.edu](mailto:apfof@uwsa.edu) with any questions or concerns.

cc: Bursars, Budget Officers