



# Memorandum

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To: George Burgess, County Manager  
From: Christopher Mazzella, Inspector General  
Date: August 16, 2006  
Subject: Miami-Dade County - Tuition Refund Program

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Please find attached the Office of the Inspector General's interim report regarding the above-captioned matter.

Thus far, our inquiry has found significant financial and oversight problems with this program and, as such, we are bringing this matter to your attention.

cc: The Honorable Carlos Alvarez, Mayor  
The Honorable Joe A. Martinez, Chair, Board of County Commissioners  
The Honorable Katherine Fernandez Rundle, State Attorney  
Mr. Donald Allen, Director – Employee Relations Department  
Ms. Alina Hudak, Assistant County Manager

**MIAMI-DADE COUNTY OFFICE OF INSPECTOR GENERAL**  
*Interim Report Re: Tuition Refund Program*

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**SYNOPSIS**

In early March 2006, at the request of the Employee Relations Department (ERD), the Office of the Inspector General (OIG) opened an investigation of the Miami-Dade County Tuition Refund Program (program). The program provides county employees the opportunity to enroll in any state or private university or school of higher learning, even high-end institutions, such as the University of Miami School of Law and Harvard University. The Tuition Refund Program refunds participants up to 50% of their tuition costs through taxpayer dollars. This is a very generous program by anyone's standard. The only requirement is that the employee obtain a "C" grade to receive reimbursement. Nevertheless, after completing an independent review in 2005, ERD had concerns that a substantial number of Miami-Dade County employees participating in the program were not reporting their additional grants and scholarships to the County in accordance with the program requirements. The additional grants, if reported, would have reduced allowable tuition refunds and, consequently, the cost to the taxpayer substantially.

The OIG has compiled a list of over 1500 county employees who are currently, or who have recently participated in the program. To date, the OIG has reviewed records relating to over 200 employee participants. Of these 200 participants, 58 (29%) have either cheated or misled the County by their failure to report the appropriate financial aid to ERD. Their actions have cost the County, thus far, \$140,829.52 in overpayments to these employees. **Furthermore, of these 58 participants, 20 (34%) have received funds which provided them with more than 100% of their actual tuition costs. In other words, they actually profited by their failure to report the appropriate information to the County.** As the investigation continues, the OIG expects that these numbers will rise exponentially. The OIG is also coordinating this matter with the Miami-Dade State Attorney's Office.

In the interim, the OIG recommends that the County department heads be reminded by the County Manager to adhere to the requirements of A.O. 7-4, particularly as this A.O. mandates that department directors be held responsible for administering all aspects of the program. Further, as my office reports its findings on individual cases, appropriate administrative action should be considered, including the restitution of County taxpayer funds, as required by the A.O. For your information, several departments such as the Miami-Dade Police Department and the Clerk of the Courts have adequate administrative controls in place or are taking steps to tighten up the verification process. ERD has also indicated that it is looking at ways to stop the abuse.

**BACKGROUND**

The Miami-Dade County Tuition Refund Program was approved by the Board of County Commissioners in 1963. The program was created to encourage county

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employees to improve their job effectiveness and prepare them for increased responsibilities in county government by receiving additional training and education. Eligible employees may earn certificates, undergraduate, and advanced degrees, such as Masters Degrees in Business, Public Administration and Law Degrees, which relate directly to career opportunities within Miami-Dade County. The institutions from which the degree is earned must be an accredited institution. The program has refunded \$9.3 million to Miami-Dade County employees since the year 2000.

In accordance with Administrative Order (A.O.) 7-4 (**EXHIBIT 1**), all county employees are eligible for participation in the program after completion of 13 pay periods of full-time employment with the County. Employees who take “approved” coursework and achieve a grade that is “C” or higher from an accredited institution, which recently has included on-line internet schools, are eligible for a refund of 50% of tuition costs upon completion of the course. All employees receiving reimbursement are obligated to remain in the County employ for a minimum of one (1) year following the completion of the coursework.

A.O. 7-4 and the program’s Frequently Asked Questions (FAQs) sheet, provides strict guidelines regarding the accounting of grant and scholarship monies to the eligible refundable amount:

Employees receiving financial assistance including scholarships, fellowships, grants and/or Veteran’s benefits (excluding student loans) will be eligible for 50% of tuition costs *after* the financial assistance has been applied to the tuition cost. (Emphasis added by the OIG)

In other words, the employee is eligible to a 50% refund of his/her actual out-of-pocket costs.

To participate in the program, the employee must submit a request for a refund on the appropriate application form (currently form 108.01-66 6/05 entitled *Tuition Refund Program Application for Coursework/Degree Approval*). (**EXHIBIT 2**)<sup>1</sup> This form must be submitted to the employee’s department director for coursework/degree approval no later than thirty days from the start of classes for each term. Each application should include information regarding financial aid received by the student/employee for that particular term. It should be noted that on the front of every application is the heading “Statement of Disclosure” which is signed by every participant when an application is submitted for approval. This statement certifies that

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<sup>1</sup> Prior to June 2005, form 108.01-66 10/95 was utilized by participants. (**Exhibit 3**) It should be noted that until May 2006, both forms were accepted by ERD for reimbursement.

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no additional financial assistance is applied to the employee's tuition costs. On the backside of every application form, the qualifications section includes the above statement regarding the accounting of grant and scholarship monies to the eligible refundable amount relating to the reporting of grants and other financial assistance.

All approved applicants will submit a request for reimbursement, along with tuition receipts, official grade notifications, and all supporting documentation to their department's director or designated representative. The department's representative is responsible for reviewing the paperwork and either approving or disapproving the request, which is then forwarded to ERD for processing no later than thirty days from the receipt of the grades.

The County's ERD provides various avenues for county employees to obtain information regarding the program. The Miami-Dade County website provides a link to the program webpage which gives employees access to a complete overview of the program. This webpage includes links to the A.O., the Tuition Refund Application, and allows the employee to "ask a question" directly to ERD. **(EXHIBIT 4)** According to Ms. Constance Butler, Director, Career Development Division, ERD also conducts a training segment on the program as part of the mandatory "Employee Orientation Training" required for all new county employees and also in the mandatory supervisory training for all new and upcoming supervisors. Ms. Butler's office is also responsible for the training of each Departmental Personnel Representative (DPR)/tuition coordinator. All program updates are sent to the department directors as well as provided to DPR's at quarterly meetings. In addition, there is a program committee which convenes monthly to discuss policies and issues relating to the program and an Appeals Board where an employee may appeal an action taken by the tuition coordinator or department director.

**FINANCIAL AID/ASSISTANCE (Excluding Loans)**

By way of background, students typically apply for financial aid by completing the Free Application for Federal Student Aid (FAFSA). This application is used for all federal and state student grants and loans, excluding scholarships and fellowships. Once this information is processed, the student will then receive an award letter or other notification from the college or university they are attending, which will disclose all of the financial aid/assistance that will be awarded to them for each term/semester.

The OIG investigation is focusing on the application of grants, scholarships, fellowships and Veteran's benefits to the actual cost of tuition (essentially, free money). In the course of the investigation, the OIG has been exposed to a multitude of financial aid/assistance sources. Financial aid/assistance means any federal, state or private funds that assist the student financially to obtain a higher education. Financial aid/assistance can be categorized

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as state, federal or private, need based or non-need based, institutional or non-institutional. The A.O. requires that all of this information be provided by the employee along with each application submitted for a refund, so that the appropriate refund can be calculated.

It is further stated under A.O. 7-4 "Penalties" that:

Should an employee submit documentation which the employee knows is false or intentionally misleading in order to receive benefits for which the employee is not entitled, the employee will be deemed ineligible to continue to participate in the tuition reimbursement program and ***must repay Miami-Dade County for any tuition reimbursement received while in the County's employment.*** The employee may be subject to further disciplinary action, including, but not limited to, dismissal from the County service. (Emphasis added by the OIG)

In short, this section of the A.O. requires the County to recover all taxpayer funds, not just overpayments, but all tuition refund monies received by any county employee from the time they entered the program.

### INVESTIGATION

The OIG opened an investigation into the program in March 2006, at the request of ERD. The purpose of this investigation is to provide a complete review of the program, including participants who were in the program beginning in the year 2005. In April 2006, the OIG sent a letter to all county department directors requesting a list of the program participants within their departments. The responses from this letter provided the OIG with over 1500 county employees who are currently, or who have recently participated in the program. These employees are enrolled in over 60 colleges, universities, schools, technical schools and institutes (including on-line internet courses and programs) to obtain a degree or certificate through the program.

To date, the OIG has obtained records relating to county employees who are attending Barry University, Nova Southeastern University and St. Thomas University. These schools make up approximately 28% of the total program participants. Records relating to over 200 employee participants have been reviewed by the OIG, revealing that of these 200 participants, 58 (29%) have mislead or cheated the County by failing to report the appropriate financial aid to ERD, which would include grants, scholarships, fellowships and/or Veteran's benefits. The failure of these employees to report this information to ERD, as required by A.O. 7-4, has, thus far, cost the County \$140,829.52 in overpayments to these employees. As noted earlier, the OIG expects that these numbers will rise exponentially.

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The investigation has also provided insight as to the role of the County departments in the oversight of the program. According to A.O. 7-4, under the heading of *Department Director*, it says:

The Department Director shall be responsible for verifying that all approved coursework is in compliance with Administrative Order 7-4, as well as all other aspects of the program.

Furthermore, under the heading of *Coursework Degree Review and Approval*, the A.O. states:

The Department Director shall approve or disapprove the employee's request after verifying the employee's eligibility for participation in the program.

Lastly, under the heading *Reimbursement*, the A.O. stipulates:

All approved applicants will submit a request for reimbursement, along with tuition receipts, official grade notification, and all supporting documentation, to their Department Director no later than thirty days from the receipt of the grades. The Departments shall submit to the Tuition Refund Coordinator all applications, whether approved or disapproved, with supporting documents for final review and reimbursement approval.

**IN SUMMARY and MOVING FORWARD**

By virtue of the A.O. itself, as stated above, department directors clearly have a responsibility to oversee the compliance of the program and should be held accountable for any lack of departmental oversight or noncompliance by their employees.

That being said, the onus to report any financial assistance clearly rests with the employees themselves. Every employee who participates in the program should be held accountable for compliance with the program. Our investigation has already identified 58 (29%) out of 200 who have cheated the County out of money they were not entitled to receive. There is ample information available through the County website, through the participant's individual departments, through ERD and, most particularly, on the "Tuition Refund Program Application for Coursework/Degree Approval" form, which is signed and submitted repeatedly by every participant, to be informed of the program requirements and policies. Finally, each student receives notification of their financial aid/assistance from the college or university they are attending.

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As noted earlier, the A.O. clearly states under the heading **Penalties:**

Should an employee submit documentation which the employee knows is false or intentionally misleading in order to receive benefits for which the employee is not entitled, the employee will be deemed ineligible to continue to participate in the tuition reimbursement program *and must repay Miami-Dade County for any tuition reimbursement received while in the County's employment.* The employee may be subject to further disciplinary action, including, but not limited to, dismissal from the County service. (Emphasis added by OIG.)

The Tuition Refund Program has been around for several decades offering educational opportunities to thousands of county employees while costing the County taxpayers millions of dollars. No doubt, it is a program offered to county employees and not available to the public at large. As such, county employees should be unmistakably recognizing this program as a privilege. Yet even in the early stages of this investigation, the OIG can see that this program has been corrupted by some dishonest county employees and is plagued by a lack of oversight by a number of departments. Permitting employees to operate on the honor system without proper oversight and verification just does not work. There must be greater scrutiny and verification by management of all documentation provided by the participants.

As the investigation progresses, the OIG will be preparing individual reports for those participants whose files we have reviewed and who we have determined did not appropriately report their financial aid. These individualized reports will highlight the findings of each investigation. Those under review will be (or already have been) invited to voluntarily meet with OIG Special Agents prior to the issuance of a written report. This meeting will allow them the opportunity to discuss any improprieties in their tuition refund documentation. In accordance with our responsibilities under the County Code, individualized draft reports will be provided to those under review where we have determined that reporting improprieties occurred. Those receiving OIG draft reports are given an opportunity to provide a written response. Thereafter, the OIG will issue a final report in each case and will attach the participant's response, if received. These reports will, in turn, be forwarded to the director of ERD for distribution to the County department heads for appropriate action. Those cases befitting prosecution will also be referred to the appropriate agency.