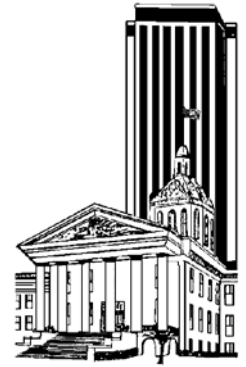


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Report No. 03-29

Non-Residents Qualify Too Easily for Much Lower Resident Tuition Rates

at a glance

Florida subsidizes approximately 75% of tuition and fees of students classified as residents, while non-resident students pay higher tuition that covers the cost of their education. Florida law provides that students are residents only if they or their parents have lived in the state for at least 12 months prior to their qualification as a resident.

However, current residency classification criteria and procedures are unclear and inconsistently applied, jeopardizing the accuracy of residency determinations. In particular, current law and rules do not provide adequate guidance for determining when students who initially enroll as non-Florida residents will become eligible for lower in-state tuition, and how student dependency status should be determined. There is a common misperception that out-of-state students automatically qualify for lower in-state tuition after attending school for a year.

If Florida eliminated the reclassification of non-resident students, institutions could receive \$28.2 million in additional annual tuition revenue from non-residents if these individuals remained enrolled at a Florida public postsecondary institution.

Scope

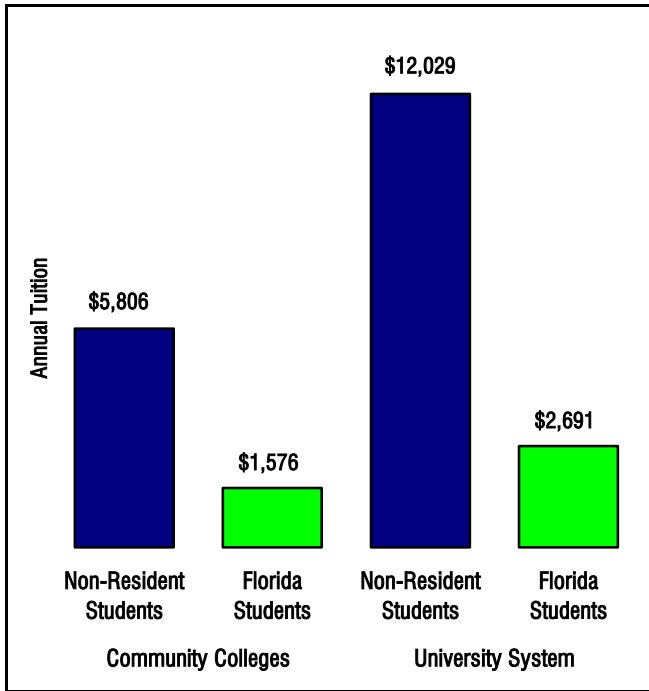
This report examines the processes used by Florida's universities and community colleges to

classify students for residency for tuition purposes. Pursuant to ss. 11.513 and 11.45, *Florida Statutes*, the Director of the Office of Program Policy Analysis and Government Accountability initiated this project in response to a legislative request to review the process used by Florida's public universities and community colleges to determine whether students qualify for in-state tuition rates.

Background

Students who attend Florida's public universities and community colleges must pay tuition and fees that defray part of the state's costs of providing this service. Florida's tuition policy, as established by the Legislature, is intended to benefit students who are Florida residents or have significant legal or family ties to Florida. Florida residents pay in-state tuition rates that cover approximately 25% of the cost of education, with state appropriations subsidizing the other 75%. In contrast, non-resident students must pay higher tuition that covers the cost of their education. As shown in Exhibit 1, a resident undergraduate student taking 30 credit hours in two semesters would pay \$1,576 in tuition at community colleges and \$2,691 for tuition at universities in Fiscal Year 2002-03, compared to \$5,806 and \$12,029 by non-residents.

**Exhibit 1
Non-Residents Pay Higher Annual Tuition
at Florida Postsecondary Institutions**



Source: Department of Education 2002-03 data, based on undergraduate students taking 30 credit hours during the year.

The average state subsidy (based on Fiscal Year 2002-03 tuition rates) per resident student completing an associate degree is \$8,461 over the course of the degree and \$37,352 for a bachelor's degree. These differences in resident and non-resident student tuition reflect the state's objective to support the education of Florida students rather than that of out-of-state students.

Student tuition and fees contribute significant resources to institutions' funding. The Community College System's 2002-03 funding totals nearly \$1.3 billion, with 30% (\$392 million) coming from student tuition and fees. The State University System's 2001-02 funding totaled \$6 billion, with 9% (\$533,989,142) paid from student tuition and fees.

Residency criteria

To be eligible for in-state tuition rates, students or their parents or legal guardians must meet the residency qualifications delineated by Florida

law, rules in the *Florida Administrative Code*, and the Florida Post-secondary Residency Guidelines, referenced in rule (see Exhibit 2). The law provides basic definitions for residency eligibility and identifies special categories for students who are eligible for in-state tuition rates.

In general, students qualify for in-state residency if they or their parents have lived in Florida for at least 12 months prior to the student's qualification as resident by a public institution. In addition, the law provides for several special categories of eligibility that exempt certain students from the 12-month requirement. For example, students may qualify for in-state residency if they, their parents, or their spouses are on active military duty in Florida, are an employee of a public school, university, or community college, or are participating in a designated scholarship or academic exchange program. See Exhibit 2 for additional examples.

Rules and residency guidelines further define residency criteria and provide guidance as to how these criteria should be applied. The guidelines differentiate between two types of applicants—those who are clearly Florida residents and those with documentation that is inconsistent with Florida residency. For example, students with a Florida mailing and emergency address, who graduated from a Florida high school, and show postsecondary transcripts from Florida are considered clearly to be Florida residents and are not required to submit additional evidence of residence in the state. Administrators commonly term applications meeting these criteria "all Florida". The guidelines advise institutions to obtain additional documentation for non-"all Florida" applicants who request residency status. Rules also state that institutions may enter into agreements with bordering states to grant in-state residency to students who live in close proximity to the institution (such as bordering counties).

**Exhibit 2
Florida Residency Criteria Are Established at Three Levels**

1

Florida Statutes, Ch. 1009.21, 1009.98

- Sets basic requirements for establishing residency. In general, students, their parents, legal guardians or spouses must have resided in Florida for at least 12 months prior to qualification to qualify for in-state residency.
- Defines a “dependent child” as one who can be claimed by a parent on a federal income tax form
- Creates exemptions to the 12-month residency requirement

* Exemptions listed in law include:

- ♦ Active military duty in Florida or a member of the Florida National Guard
- ♦ Employment in a public school, community college, or university in Florida
- ♦ Previous attendance at the Florida State University’s Panama Canal Branch
- ♦ Participation in a designated scholarship or academic exchange program
- ♦ Recipient of Florida Pre-Paid College Program are classified as Florida residents for tuition purposes (Ch. 1009.98, *Florida Statutes*)

2

Florida Administrative Code (Rules 6A-10.044, 6C-7.001, and 6C-7.005)
(set by the Florida Board of Education to further define residency criteria)

- Clarifies eligibility for classification as a Florida resident [(6C-7.005(2)]. Students who are permanent residents and resident aliens may qualify for in-state tuition if they have lived in Florida for at least 12 months prior to qualification.
- Lists eligibility for non-US citizens based on proof of permanent immigration status or special non-immigrant visas accorded by the U.S. Immigration and Naturalization Service (permanent residents and resident aliens, or students holding one of 14 types of visas and 11 other special categories) [(6A-10.044(4) and (5)]
 - ♦ Permits local institutions to establish border agreements (6C-7.001). The University of West Florida has a current border agreement with 17 Alabama counties within 50 miles of Florida border. The University of North Florida has a border agreement with the Naval Submarine Base in Kings Bay, Georgia.
- Does not require institutions to re-evaluate classification decisions of other public in-state institutions [(6A-10.044(1) and Ch. 1009.24(4), *Florida Statutes*]
- Limits total systemwide enrollment of non-resident students in state universities to 10% (6C-7.006)

3

Florida Postsecondary Residency Guidelines
(Incorporated by reference in rule and applicable for public community colleges and universities; set by the Residency Committee and adopted by the Articulation Coordinating Committee)¹

- Specifies the documentation necessary to prove Florida residency; gives examples of inconsistencies with Florida residency; explains basic provisions in law and eligibility for non-US citizens
- Emphasizes that no single document shall be conclusive (institutions should rely on a preponderance of evidence)
- Provides that documents should be dated at least 12 months before the first day of classes of the term for which residency is sought

* Specifies documents that may be accepted as proof of meeting the 12-month residency requirement, which include:

Declaration of Domicile	Florida Vehicle Registration
Voter Registration	Permanent employment Florida
Florida Driver license	

¹ The Residency Committee is composed of members of the public universities and community colleges, including administrative employees of the institutions and attorneys. It meets bi-annually to discuss changes and issues in residency criteria and to update the guidelines according to changes in the law and immigration policies.

Findings

Residency criteria are unclear and inconsistently applied, jeopardizing the accuracy of residency determinations

Although Florida law and rules are intended to enable universities and community colleges to accurately and consistently classify students for in-state and out-of-state residency, this process is substantially flawed. In practice, institutions are using inconsistent screening criteria and procedures, resulting in a substantial potential for misclassifications and varying thresholds that students must meet in order to qualify for residency. There are three costly weaknesses in the current criteria and procedures for classifying students for tuition residency.

- Current law and rules do not provide adequate criteria governing under what specific circumstances students should be reclassified as Florida residents.
- Current criteria do not adequately specify the determination of students' dependency status.
- Institutions are applying varying standards for documenting residency.

We estimate that institutions could receive an additional \$28.2 million in tuition revenues from out of state students if reclassifications were eliminated and these individuals remained enrolled.

Current residency criteria provide insufficient guidance for reclassifying non-resident students

To assure that only Florida residents receive in-state tuition, Florida law requires students to have at least 12 months residence in the state prior to qualification for residency. There is a common misperception that out-of-state students automatically qualify for lower in-state tuition after attending school for a year. However, the law requires that the student's (or parent if student is dependent) residence must be for the purpose of maintaining a permanent

home, rather than just maintaining a mere temporary residence incident to enrollment. Thus, students who move to Florida to attend a postsecondary institution are not eligible for in-state residency because they moved to the state to attend college rather than coming with the intent of making it their home. The residency guidelines expand on the law by stating that students who initially come to Florida to enroll in an institution will not normally meet requirements for in-state tuition, regardless of the length of time enrolled.

However, the law, rules, or guidelines are unclear as to whether students can gain in-state residency if they claim that they moved to Florida for reasons other than to just attend school. As a result, institutions face a complex challenge of determining a student's intent for moving to Florida. Determining student intent usually becomes an issue when students attempt to have their residency status changed from non-resident to resident. The guidelines, law, and rule provide little other guidance to institutions on judging student intent except for listing a variety of documents they may consider when determining residency.¹ The documents most commonly used to judge student intent are driver licenses, and vehicle or voter registrations. The guidelines also state no single document shall be conclusive.

Although law and rules indicate students should generally not be reclassified, approximately 25% are reclassified as residents resulting in an estimated loss of \$28.2 million in tuition revenue. The lack of clear criteria for judging student intent is of concern because universities and community colleges often reclassify non-resident students as residents once they have resided in Florida for 12 months. Specifically, between 1998-99 and 2000-01, 28% of students in

¹ Documents suggested in the guidelines include proof of purchase of permanent primary Florida home or homestead exemption; purchase of Florida real property; full-time or part-time, non-temporary employment in Florida; proof of acceptance of permanent employment in Florida; professional/occupational license in Florida; membership in Florida organizations; Florida incorporation; family ties in Florida; Florida declaration of domicile, vehicle or voter registration, or driver license; absence of establishing legal residence elsewhere; transcripts from Florida schools for multiple years.

the community college system and approximately a quarter of students in the university system who were originally classified as non-residents in 1998-99 were reclassified as residents. In particular, of those students who were reclassified as residents, 72% in the community college system and 60% in the university system were reclassified after the third semester of enrollment, demonstrating that institutions tended to reclassify students as residents after they had lived in the state for 12 months.

As a result of this reclassification we project a loss of annual tuition revenue of \$28.2 million due to the reclassification of students who enrolled in academic year 2000-01, for both education systems (see Exhibit 3).² This projection is based on reclassification patterns of a cohort of non-resident students who entered in academic year 1998-99.

**Exhibit 3
The Reclassification of Students Results in an Annual Projected Loss of \$28.2 Million Tuition Revenue to Institutions**

	University System	Community College System
First-time-in college	\$8,740,685	\$5,490,568
First-time in graduate school	\$6,391,576	NA
Transfer students	\$3,128,407	\$4,478,103
Total	\$18,260,668	\$9,968,671
Grand Total		\$28,229,339

Source: OPPAGA analysis of data from DOE Divisions of Community Colleges and Colleges and Universities.

Institutions use varying criteria for residency decisions. In the absence of clear criteria, universities and community colleges have developed varying standards for deciding when to reclassify students as Florida residents. As a result, students with similar circumstances can receive different residency classifications

² Our estimate is based on the number of nonresident students enrolled in academic year 2000-01. To this number we applied the reclassification rates from the 1998-99 cohort and the most recent published retention rates. Our estimate includes undergraduate and graduate students, excluding university students who received tuition waivers.

depending on what institution they attend. For example, some institutions have a practice of reclassifying students as residents if they submit one or two basic Florida documents (such as a driver license and voter registration) dated 12 months prior to the term for which they seek to be reclassified. However, possessing these documents does not prove that the student moved to Florida for reasons other than just to attend school. In essence, these institutions circumvent the intent in law that students must meet residency requirements prior to qualification.

In contrast, other institutions will not reclassify students as residents after a year of enrollment unless they can provide additional proof of their intent to establish a domicile in the state, by providing employment records, purchasing a Florida home, or providing proof of a homestead exemption. For example, an institution refused to reclassify a student based on a Florida driver license and voter registration until she also submitted a copy of her non-resident parents' federal income tax form showing that she was not claimed as a dependent, a copy of the student's income tax form, and her Florida bank statement showing income.

Other states have clearer residency requirements that reduce the ambiguity of evaluating intent of establishing residence. Several states define the 12-month eligibility period based on the time spent in the state before enrollment or registration and not prior to qualification, as does Florida law. Students enrolling in these states are, in general, not eligible for reclassification during their continuous enrollment. For example, Texas has mandated that students gainfully employed for 12 months before enrollment are entitled to residency, while a 12-month period of employment during enrollment can be the basis for reclassification as a resident at the end of that period if other evidence indicates establishment of domicile in the state. Georgia rule states that no student shall be deemed to have gained or acquired in-state status for tuition purposes while attending any educational institution in the absence of clearly demonstrated facts establishing legal residence in the state.

We believe that the Legislature should consider establishing a similar clear test for residency determinations. If Florida eliminated reclassification, institutions could receive \$28.2 million in additional revenue from non-residents if these individuals remained enrolled, as described above.

Current residency criteria also provide insufficient guidance for determining student dependency status

A related problem is that residency criteria also do not adequately delineate how universities and community colleges should determine the dependent status of students. Student dependent status is a critical factor in determining residency because it determines whether institutions base their residency evaluation on the circumstances of the student or their parents. When students are dependent, institutions will base their residency decisions on the characteristics of the person upon whom the student is dependent. In contrast, for an independent student, institutions base their residency determination on the student's own circumstances.

In some cases, being classified as independent will make it easier for students to prove residency. For example, a student who can document that he or she has lived in Florida for a year, but is financially dependent on parents living in another state, would not qualify for in-state residency. However, the student would likely be classified as a Florida resident and thus pay lower tuition if he or she were considered to be financially independent.

The current residency criteria provide minimal guidance on the need to determine dependency and how institutions should address student dependency. The law defines dependency based on whether parents may claim the student as a dependent under the federal income tax code. The residency guidelines expand on the law by stating that tax statements may be used to determine dependency status. However, the law, rules, and guidelines do not require institutions to consistently verify dependency status by examining income tax records or other

indicators of financial status. Instead, institutions set their own policies on when and how they verify a student's dependency status.

Institutions have developed varying standards for student independence. In practice, institutions use very different criteria and standards when deciding whether or not to verify a student's independent status. For example, officials of several institutions said they consider all students who are 18 years or older as independent regardless of whether they are financially dependent on their parents. Thus, 18-year old students applying to these institutions are automatically regarded as independent and may claim residency based on documents that they acquired since coming to Florida.

In contrast, officials of other Florida institutions stated that their practice was to routinely verify the independence of students, especially students under the age of 24. These institutions require younger students claiming independence to provide information about their own financial status so that officials can determine if they are financially dependent or not. The information typically requested includes tax or earnings statements and letters from employers.

The universities and community colleges also vary in how they evaluate students' income when making residency decisions. We surveyed universities and found that the minimum income level they require to classify a student as financially independent ranges from \$5,000 to \$10,000 annually (see Exhibit 4). Students with annual incomes of \$5,000 would be considered independent by some institutions, allowing them to base their residency claims on personal documentation. However, other institutions would require these students to demonstrate that they earned at least \$10,000 to do so.

Exhibit 4 Institutions Use Different Minimum Income Standards When Verifying Student Independence

Minimum Amount of Student Income Required for Independency	
Florida A&M University	\$5,000
Florida Atlantic University	\$10,000
Florida Gulf Coast University	\$7,000
Florida International University	\$10,000
Florida State University	No minimum income requirement
New College of Florida	\$6,546
University of Central Florida	\$6,500
University of South Florida	51% of estimated expenses and tuition

Source: OPPAGA interviews with registration and residency officials, January 2003.

Other states have established more explicit criteria and guidelines regarding independence determinations. These states require students to submit residency application forms that must include tax return information (ranging from the most recent year to three years prior to enrollment) for themselves or the persons who are financially supporting them. For example, California and Kentucky require students to prove they are financially self-sufficient and cannot be claimed as a dependent before the student is classified as a resident. California requires that the student be entirely self-supporting and present in the state for more than one year immediately preceding the residency determination date to be entitled to resident classification. Again, we believe that the Legislature should consider establishing a similar clear test for residency independence determinations for Florida universities and community colleges.

Institutions apply different residency documentation requirements

A third area in which Florida's universities and communities colleges are using varying criteria for student residency determinations is in their documentation requirements. Specifically,

institutions vary in the type of supporting evidence accepted to determine residency, the number and dates of documentation required, and their verification of information provided by students.

Institutions vary with regard to the number and type of supporting evidence they require for students to prove residency. While information submitted to one institution may be sufficient to grant the student residency, the same information can be considered insufficient by other institutions. Admissions and registrars officials make residency decisions based on the preponderance of evidence of physical and legal presence in Florida.

Most institutional officials we spoke with require students without an "all Florida" application to provide at least two documents dated 12 months prior to the term for which they are attempting to qualify for residency.³ However, several institutions require students to submit just one document, usually a driver license. Some institutions require no additional evidence of residency; these institutions essentially grant in-state residency if the student claims that they qualify for this status.

Institutions also vary in terms of the type of documentation required to classify a student. For example, several institutions simply accept a student's statement on the residency affidavit regarding when they established residence in Florida without requiring any backup documentation. In contrast, other institutions require students to substantiate this information with a copy of the declaration of domicile or a lease. Some institutions will make residency decisions based on documents such as a driver license or vehicle registration, others will require the student to also provide proof of employment and or sufficient income. The latter institutions will not classify a student as resident if he or she cannot provide this documentation.

³ Documents requested commonly include a Florida driver license, voter or vehicle registration, or declaration of domicile. However, if students do not possess these documents, institutions also accept rental agreements, utility or insurance bills, letters of employment, and other documents.

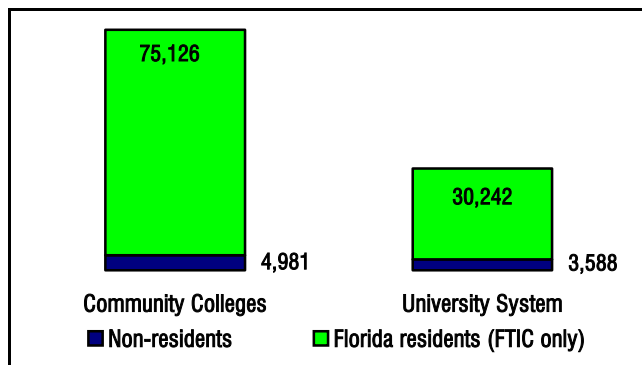
Even in areas in which the criteria are clear, institutions frequently misclassify non-residents as Florida residents

In addition to the problems associated with unclear residency criteria and consistency, institutions frequently misclassify certain students even on criteria clearly delineated in law and rule. These misclassifications were mostly due to institutions' failure to base decisions on documentation clearly required in rule and residency guidelines.

The most significant problems in misclassifications we observed occurred for students who transferred to another institution and those who changed their residency status from non-resident to resident after living in Florida for at least 12 months.

Residency classification is more problematic for certain student groups. Residency determination for most students is a straightforward process. The vast majority of the students who first attended college in the 2000-01 academic year were classified as residents (see Exhibit 5). Most of these were "all Florida" students, i.e., they had graduated from a Florida high school and lived in the state. As such, they clearly met Florida's residency requirements.

Exhibit 5 The Majority of Students in Florida's Public Postsecondary Institutions Are Classified as Residents



Source: OPPAGA analysis of data from DOE Divisions of Community Colleges and Colleges and Universities.

However, residency classification is more problematic for other students, such as those who lack Florida high school diplomas or applied from out-of-state. To determine whether universities and community colleges appropriately apply residency criteria, we reviewed random samples of student files from 12 student populations who had a potential for misclassification (see Exhibit 6). We used discovery sampling to determine if there were significant problems of misclassification, and examined enough cases for each selected student population to be 95% confident that the rate of misclassifications was less than 5% if no errors were identified. When we found errors in the files sampled, we estimated ranges of lower and upper limits of misclassification rates for the respective populations based on the results of the sample.

In our examination, we reviewed the residency files used by the institutions to classify students, including application forms and residency affidavits and all copies of documentation and checklists used to make residency decisions. We determined if this information supported the residency determination and discussed each questioned case with university and community college officials.

Exhibit 6 We Examined Residency Classifications for 12 Groups of Students

State University System	
1	First-time-in-college (FTIC) university students entering in 2000-01 as Florida residents from age 17 to 21 without a Florida high school diploma or GED
2	FTIC university students entering in 2000-01 classified as Florida residents who were not U.S. citizens
3	FTIC university students entering in 2000-01 classified as Florida residents applying from out-of-state
4	FTIC university students entering in 2000-01 classified as Florida residents based on exceptions granted by Florida law
5	First-time-in-graduate school university students entering in 2000-01 classified as Florida residents applying from out-of-state
6	Students who transferred to a university in 2000-01 who changed status from previous institution
7	FTIC university students who were reclassified as Florida residents from 1998-99 through 2000-01

Exhibit 6 (continued)

Community College System	
8	FTIC community college students entering in 2000-01 as Florida residents from age 17 to 21 without a Florida high school diploma or GED
9	FTIC community college students entering in 2000-01 classified as Florida residents who were not U.S. citizens
10	FTIC community college students entering in 2000-01 classified as Florida residents applying from out-of-state
11	Students who transferred to a community college in 2000-01 who changed status from previous institution
12	FTIC community college students who were reclassified as Florida residents from 1998-99 through 2000-01

Source: OPPAGA analysis.

Misclassification problems frequently occurred in six student groups

We found frequent residency misclassifications in 6 of the 12 student groups we examined. In all of these cases, the errors resulted in students incorrectly being classified as Florida residents, which qualified them for lower tuition rates that are subsidized by state funding. For two groups the estimated minimum error rates were greater than 5%, while four additional groups had minimum misclassification rates between 3.4% and 4.7% (see Exhibit 7).

The highest rate of misclassification occurred among first-time-in-college non-resident community college students who were reclassified as residents within three years. We estimate that errors were made in between 8.2% to 25% of these students. Universities also had a substantial error rate for students who were reclassified as residents; we estimate that errors were made in between 3.4% to a high of 16.6% of such cases.

Community colleges also had a high misclassification rate for first-time-in-college students who applied from out-of-state, with errors ranging from an estimated low of 5.3% to a high of 21.8%. Similarly, universities had a high rate of error for students without Florida high school diplomas, ranging from an estimated low of 3.6% to a high of 17.1%.

Both community colleges and universities had substantial rates of misclassification for transfer

students. Errors by community colleges for these students ranged from an estimated low of 4.6% to a high of 18.6%, while errors by universities occurred in an estimated 4.7% to 18.3% of such cases.

**Exhibit 7
We Found Substantial Misclassification Rates in 6 of the 12 Student Groups**

Student Group	Number of Students in Population	Estimated Error Rate	
		Lower	Upper
FTIC community college students reclassified within three years ¹	4,614	8.2%	25.0%
FTIC community college students applying from out-of-state	2,346	5.3%	21.8%
Students transferring to a community college who changed status	1,234	4.6%	18.6%
Students transferring to a university who changed status	568	4.7%	18.3%
FTIC university student with no Florida high school diploma, age 17-21	1,240	3.6%	17.1%
FTIC university students reclassified within three years	1,742	3.4%	16.6%

*See Appendix A for complete results.

¹ FTIC refers to first-time-in college.

Source: DOE Divisions of Community Colleges and Colleges and Universities data files for number of students; OPPAGA analysis of student file reviews for estimated error rates.

Misclassifications were largely due to three types of errors. In the identified misclassifications, the documentation in the institutional files did not support the Florida residency classification of the student; further, in many cases the available evidence indicated that students were actually residents of another state. Specifically, we found that

- some institutions failed to require at least one legal document for students who did not submit an “all Florida” application (did not graduate from a Florida high school and addresses were not in Florida);

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- some institutions did not require copies of documentation for statutory exemptions to residency requirements as instructed in the residency guidelines and residency form; and
- some institutions accepted documents that did not meet the 12-month residency requirement.

Exhibit 8 gives examples of the clear misclassifications we found. When we discussed the cases we identified as being misclassified with institutional officials, they typically concurred that the classifications were in error and in some cases, the institutions subsequently changed the students' status back to non-resident.

Exhibit 8 Our Review Found Many Examples of Residency Determination Errors

Examples of Misclassifications

- A student was classified as a resident based on her claim to be dependent on a sister who lived in Florida. However, the institution had no documentation that the sister provided evidence that the student lived with her for at least five years, as required by law. The student's file also contained no evidence of how long the sister had lived in Florida, which was a critical omission since the student was claiming to be dependent on her sister.
- A student was classified as a resident even though she had not submitted a copy of her resident alien card nor any other information indicating she lived in Florida. Furthermore, information contained in the student's file showed that she had a permanent out-of-state address and had graduated from an out-of-state high school.
- A student was reclassified as a resident after 12 months even though she graduated from an out-of-state high school and her permanent and emergency addresses were in another state. Furthermore, institution officials could not produce any evidence to substantiate their decision to support the student's residency claim.
- Three students at one institution were incorrectly classified as residents due to data entry errors.

Source: OPPAGA file review of student files provided by public community colleges and universities.

Institutions lack a quality assurance process to verify and monitor the accuracy of their residency classifications. One reason why institutions make frequent residency determination errors is that most lack a quality assurance process for reviewing residency decisions. This is particularly important given the unclear residency criteria discussed above.

Establishing internal quality assurance processes could help prevent the costly misclassification problems found by our review. University and community college admissions and registrars officials we interviewed said that their institutions have no formal process in place to evaluate their decisions on residency. Even though some institutions use informal peer reviews, these are conducted without formal guidelines.⁴ In addition, some professional schools make residency decisions for their students independent of their institution's regular admissions process. These schools have a higher risk of developing and applying inconsistent criteria because their procedures are developed apart from regular registration offices.

Establishing periodic internal checks of residency decisions, including those of professional schools, would help uncover systematic errors and misperceptions by employees in the decision process and reduce error rates. Institution inspectors general or other appropriate managers or local boards could perform these reviews. Results could be compiled by the Residency Committee, which would benefit the system as a whole, help make residency decisions more consistent, and prevent the loss of tuition revenue.⁵

⁴ Residency determinations also are not routinely examined by the Auditor General's Office's biennial operational audits of postsecondary institutions.

⁵ The Residency Committee is composed of members of the Divisions of the University and College System and the Community College System, including administrative employees of the institutions and attorneys. It meets bi-annually to discuss changes and issues in residency criteria and to update the guidelines according to changes in the law and emigration policies.

Conclusions and Recommendations

There are major weaknesses in the current criteria and procedures used by Florida's universities and community colleges to make student residency determinations. Improved residency determination practices could generate an additional \$28.2 million for Florida's universities and community colleges.

To improve the residency classification process, we recommend that the Legislature consider amending Florida statutes to clarify residency criteria.

The present language in the law requiring a 12-month time period in the state prior to eligibility for "qualification" is ambiguous and often interpreted as referring to the time spent since a student first came to the state to enroll. The change below would address this concern.

- Amend Florida law to require that students (or their parents if the students are dependents) must maintain legal residence in the state for at least 12 months immediately prior to their initial enrollment or registration at a Florida public postsecondary institution to be eligible for classification for in-state residency.

The Legislature has several options to more clearly define when a non-resident student could be eligible for reclassification as a resident. The first, more restrictive option, could result in the \$28.2 million savings discussed previously, assuming that these individuals remained enrolled, and requires the student to reside in Florida for 12 months while not enrolled in an educational institution.

- A nonresident student may be reclassified as a resident if the individual can provide evidence of having established a permanent domicile in Florida for a 12-month period during which the individual was not enrolled in an educational institution. Evidence of domicile should include the purchase of a home, or gainful employment

in Florida, or financial independence supporting 51% of the true cost of living expenses.

A second less restrictive option would not require a student to leave the educational institution for a year but require the same eligibility criteria as described above.

- A nonresident student may be reclassified as a resident if the individual can provide evidence of having established a permanent domicile in Florida for a 12-month period by the purchase of a home, or gainful employment in Florida, or financial independence supporting 51% of the true cost of living expenses.

In order to ascertain financial independence of students essential to the establishment of domicile in the state, clear requirements of documentation need to be provided.

- Students under the age of 25 claiming to be independent should be required to provide copies of tax returns showing that they have not been claimed as dependents by their parents or others for income and employment records showing that they are financially self-supporting.

We also recommend that the State Board of Education clarify residency criteria in *Florida Administrative Code* by requiring two actions.

- Require institutions to establish internal reviews and/or a central residency office to review and verify classification decisions, including those of professional schools. These reviews could be done by inspectors general, designated management staff, or local boards, and should include examinations of residency determinations made by professional schools outside of the institution's regular residency process.
- Establish minimum documentation standards for residency applications. This will help ensure that admissions and residency employees examine consistent documentation when making their

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determinations, and will facilitate internal evaluations of these decisions.

We also recommend that the Residency Committee take the actions described below.

- Modify the Postsecondary Residency Guidelines to clarify the minimum documentation requirement for “all Florida” (Florida high school graduation and Florida permanent and emergency addresses) applicants and other applicants to be classified as Florida residents. For example, applicants without an “all Florida” application should routinely be required to submit copies of at least two legal documents dated at least 12 months prior to their application for residency.
- Modify the standard residency form in applications to include questions about filed taxes or earned wages. These questions should be answered by the person claiming Florida residency and should cover the most recent to two years prior to enrollment. In addition, the Residency Committee may consider routinely requesting copies of documents such as certified tax returns or wage/earnings statements.

- Develop standards to evaluate students’ independent status. A standard definition may be a student’s earning or possessing funding to provide for at least 51% of the true cost of living expenses. This definition would allow for variation of cost of living expenses between geographic areas in the state.
- Compile results from institutions’ internal reviews of residency determinations to identify problem areas needing correction as well as best practices. These should be distributed to institutions’ residency classification offices.

Agency Response

Any response that OPPAGA receives from the Commissioner of Education and the Secretary of the Department of Education will be published on OPPAGA’s website.

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