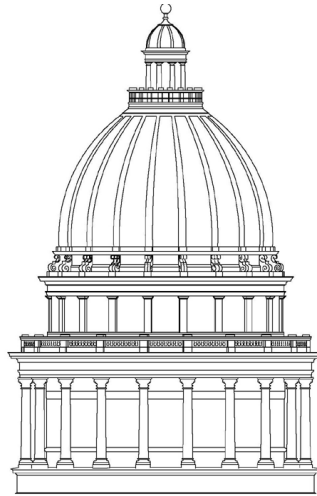


REPORT TO THE
UTAH LEGISLATURE

Number 2011-09



**An Audit of Higher Education
Institutions' Residency Determinations**

September 2011

Office of the
LEGISLATIVE AUDITOR GENERAL
State of Utah



STATE OF UTAH

Office of the Legislative Auditor General

315 HOUSE BUILDING • PO BOX 145315 • SALT LAKE CITY, UT 84114-5315
(801) 538-1033 • FAX (801) 538-1063

Audit Subcommittee of the Legislative Management Committee
President Michael G. Waddoups, Co-Chair • Speaker Rebecca D. Lockhart, Co-Chair
Senator Ross I. Romero • Representative David Litvack

JOHN M. SCHAFF, CIA
AUDITOR GENERAL

September 2011

TO: THE UTAH STATE LEGISLATURE

Transmitted herewith is our report, **An Audit of Higher Education Institutions' Residency Determinations** (Report #2011-09). A digest is found on the blue pages located at the front of the report. The objectives and scope of the audit are explained in the Introduction.

We will be happy to meet with appropriate legislative committees, individual legislators, and other state officials to discuss any item contained in the report in order to facilitate the implementation of the recommendations.

Sincerely,

John M. Schaff, CIA
Auditor General

JMS/lm

Digest of An Audit of Higher Education Institutions' Residency Determinations

The state of Utah, like all other states, charges different tuition rates based on the residency status of their students. This report presents the results of a survey of some Utah institutions of higher education (institutions or schools) to establish whether they appropriately determine students' residency status.

Application Screening Is Successful for Most Institutions. Five of the nine Utah institutions were reviewed to determine whether they appropriately classified the residency status of their newly enrolled students. We had no concerns with the determination processes or actual residency decisions of three of the five institutions. There is, however, a lack of uniformity in the schools' methods of determination, particularly in the level of system automation. The more automated systems appear to be more efficient.

Dixie State College Lacked Documentation and Controls. Almost one quarter of the sampled residency determinations at Dixie State College could not be supported by the available documentation. Many identified errors involved missing applications. When combined with Dixie's choice to use fewer determination factors, this lack of documentation becomes more concerning. We also identified three examples where it appeared the student had been inappropriately determined a resident. Part of this problem may have been due to the residency questions being optional on past applications. Dixie has tightened controls over online applications for the last school year.

Chapter I: Introduction

Chapter II: Most Institutions Follow Policy in Initially Determining Residency

**Chapter III:
Most Institutions
Appropriately
Determine
Residency
Reclassifications**

Residency Determination for CEU Should Be Strengthened.

Errors in CEU's initial residency determination significantly increased from fall 2009 to fall 2010, despite fewer applicants to the school. We also noted an increase in reclassification errors during this time period. These documentation errors are concerning, especially given the school's document retention policy. We took a sample of 100 student applications (fifty from fall 2009 and fifty from fall 2010) and examined initial residency decisions, with a combined total of 10 percent lacking documentation.

Most Institutions Appropriately Document Residency

Reclassifications. When students challenge their initial classification by an institution as a nonresident, they are required to submit applications for residency reclassification. In these cases where students are required to prove they qualify for residency status, most of the sampled schools were able to adequately document their final residency determination. However, CEU showed a lack of documentation in granting residency to students applying for residency reclassification. With the exception of CEU, the institutions surveyed were able to provide completed residency applications, their decision methodology, and source documentation supporting the claims in the application.

CEU's Reclassification of Students Lacks Documentation. CEU granted residency status to students without an adequate amount of documentation. We sampled eight reclassification applications; four from fall 2009 and four from fall 2010. We found problems with one application in fall 2009 and three applications in fall 2010. The files did not provide the required documentation to be approved for residency. CEU requires certain documentation for all students who apply to be reclassified as a resident. Applicants who were initially coded as nonresidents but are trying to prove they are residents, must provide adequate documentation to prove their residency.

Other States Employ a Similar Two-Step Process. Contacted surrounding states' institutions use a comparable process to reclassify students from nonresidents to residents. In all cases, the student must submit an application for residency reclassification and provide documentary evidence to support their claims. Acceptable forms of documentary evidence are similar from state to state.

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September 2011

Audit Performed By:

Audit Manager	Tim Osterstock
Auditor Supervisor	Leah Blevins
Audit Staff	Jesse Martinson

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Chapter I

Introduction

The state of Utah, like all other states, charges different tuition rates based on the residency status of their students. This report presents the results of a survey of some Utah institutions of higher education (institutions or schools) to establish whether they appropriately determine students' residency status. While schools have differing percentages of nonresidents, the rates have recently remained fairly steady. To determine which students qualify as residents, institutions follow Utah Board of Regents (BOR) policy, which is based on *Utah Code* 53B-8. While some states require similar amounts of residency documentation, other states have stricter requirements; we found no states with more lenient requirements. Utah's residency determination process requires two steps: first, the initial application for admission, (Chapters I and II); second, an application for residency which is used to reclassify students from nonresidents to residents (Chapter III).

The Percent of Nonresident Students Has Remained Fairly Constant

Utah's nine higher education institutions have determined that between 4 and 14 percent of their student populations are nonresidents. Figure 1.1 shows the number of nonresidents and the percent of the total they comprise, as reported by the institutions.

Utah Code 53B-8 specifies which student applicants qualify as residents.

Between 4 and 14 percent of Utah student populations are nonresidents.

Figure 1.1. Residency Populations for Utah Colleges and Universities. Residents comprise a majority of the total student population.

School	Fall 2009			Spring 2010			Fall 2010			Spring 2011		
	Total*	Non-Resident	%	Total	Non-Resident	%	Total	Non-Resident	%	Total	Non-Resident	%
U of U	22,149	2,403	11	21,459	2,166	10	23,371	2,744	12	22,863	2,438	11
USU	21,785	2,447	11	21,259	2,354	11	22,976	2,750	12	22,389	2,587	12
UVU	28,765	2,948	10	26,322	2,871	11	32,670	3,449	11	28,413	3,059	11
SLCC	27,515	1,412	5	27,097	1,299	5	28,443	1,199	4	27,271	1,021	4
SUU	8,066	1,075	13	7,448	896	12	8,024	1,012	13	7,993	1,009	14
Dixie	7,760	556	7	8,240	500	6	8,577	675	8	7,944	564	7
Snow	4,394	289	7	3,981	268	7	4,411	246	6	3,791	218	6
CEU	2,200	137	6	2,115	143	7	2,474	177	7	2,267	192	8
Weber	23,777	1,585	7	21,786	1,639	8	23,401	1,900	8	21,360	1,835	9

*The total represents students that are tuitioned or pay nontuitioned rates.

Nonresident students pay up to four times as much tuition as state residents. Dixie's 2011-12 school year resident tuition, for example, is \$1,644, while nonresident tuition is \$6,468.

Residency Requirements Exist to Ensure the State Gets a Return on Tuition Investment

The BOR has released guidelines called "The Residency Officer's Handbook" that states that "the individual must not only live in Utah, but also intend to stay in Utah permanently." It goes on to clarify that "in essence, nonresident students must show their intent to contribute to the community which subsidized his or her education." Nonresidents' tuition is not subsidized because there is no indication that they have come to Utah for any purpose beyond getting an education. This makes it difficult to show they intend to use their education to better the state of Utah. Residency determinations exist in order to subsidize the education of those who have come to Utah for purposes beyond their education and plan to use that education to contribute to the state.

BOR Standards Are Based on Utah State Law

Utah institutions have guidelines to determine whether an applicant for admission to a Utah school is considered a Utah resident or nonresident. These guidelines are issued by the BOR, and are based mainly on *Utah Code* 53B-8.

Institutions are allowed to customize their residency determination rules as long as they are at least as strict as the BOR rules. *Utah Code* 53B-8-102-3(a) states:

Institutions within the state system of higher education may grant resident student status to any student who has come to Utah and established residency for the purpose of attending an institution of higher education, and who, prior to registration as a resident student: (i) has maintained continuous Utah residency for one full year; (ii) has signed a written declaration that the student has relinquished residency in any other state; and (iii) has submitted objective evidence that the student has taken overt steps to establish permanent

Nonresident tuition can be up to four times as much as resident tuition.

Resident tuition is subsidized by the state of Utah for those who intend to contribute to the state.

residency in Utah and that the student does not maintain a residence elsewhere.

The statute defines what can be submitted as objective evidence, as listed in Figure 1.2.

Figure 1.2. Students Must Meet a Number of Requirements in Order to Qualify as Utah Residents. The BOR compiled the requirements into rules based on **Utah Code** 53B-8.

Requirements
Declaration of financial independence with proof they are not claimed as dependents on their parents' tax returns
Qualification for one of the allowed exceptions (shown in Figure 1.3)
12 continuous months domicile in the state of Utah shown by:
Utah high school transcript in the previous 12 months
Utah voter registration three months prior to the start of the term
Utah driver license or ID card three months prior to the start of the term
Evidence of employment three months prior to the start of the term
Proof of payment of Utah state income tax for the previous term
Rental agreement for 12 months prior to application
Utility bills for 12 months prior to application

If these conditions are met, the student is considered a resident of the state of Utah. If not, it is presumed that any student applying for residency who has moved to Utah within the last 12 months only to attend a college or university should not be considered a resident.

Allowed exceptions to the presumption of moving to Utah to attend a college or university are outlined in Figure 1.3.

Students must have lived in Utah for at least 12 months to be considered a resident of Utah.

Figure 1.3. There Are Exceptions to the Residency Requirement.

Institutions of higher education have made provisions for students to bypass the minimum 12-month residency requirements.

United States Armed Forces Personnel who were Utah residents prior to active duty assignment or deployment outside of Utah
Marriage to a Utah resident
Full-time permanent employment in Utah
Spouse's or parent's full-time work
Parent domiciled in Utah for at least 12 months
Extenuating circumstances, such as child care obligations, financial or health reasons related to: divorce, the death of a spouse, long-term health care needs, responsibilities related to the person's health, or the health needs of an immediate family member
Receipt of state social services benefits
Immigrant placed in Utah as political refugee

Figure 1.3 shows the exceptions allowed by statute and rule to bypass the minimum 12-month waiting period to gain residency as a result of moving to Utah for a non-school related reason. We found that, in these cases, proper documentation was supplied as proof of these exceptions as discussed in Chapter III.

In addition, BOR policy also allows special exceptions to the residency requirements if the applicant is a member of the following groups:

- Job Corps
- Olympic Training Program
- American Indian Tribe
- Utah National Guard
- Active duty armed forces personnel stationed in Utah

These exceptions are only valid during the student's membership in the above-mentioned programs. Once the student no longer qualifies for these programs, the standard residency requirements apply in full force.

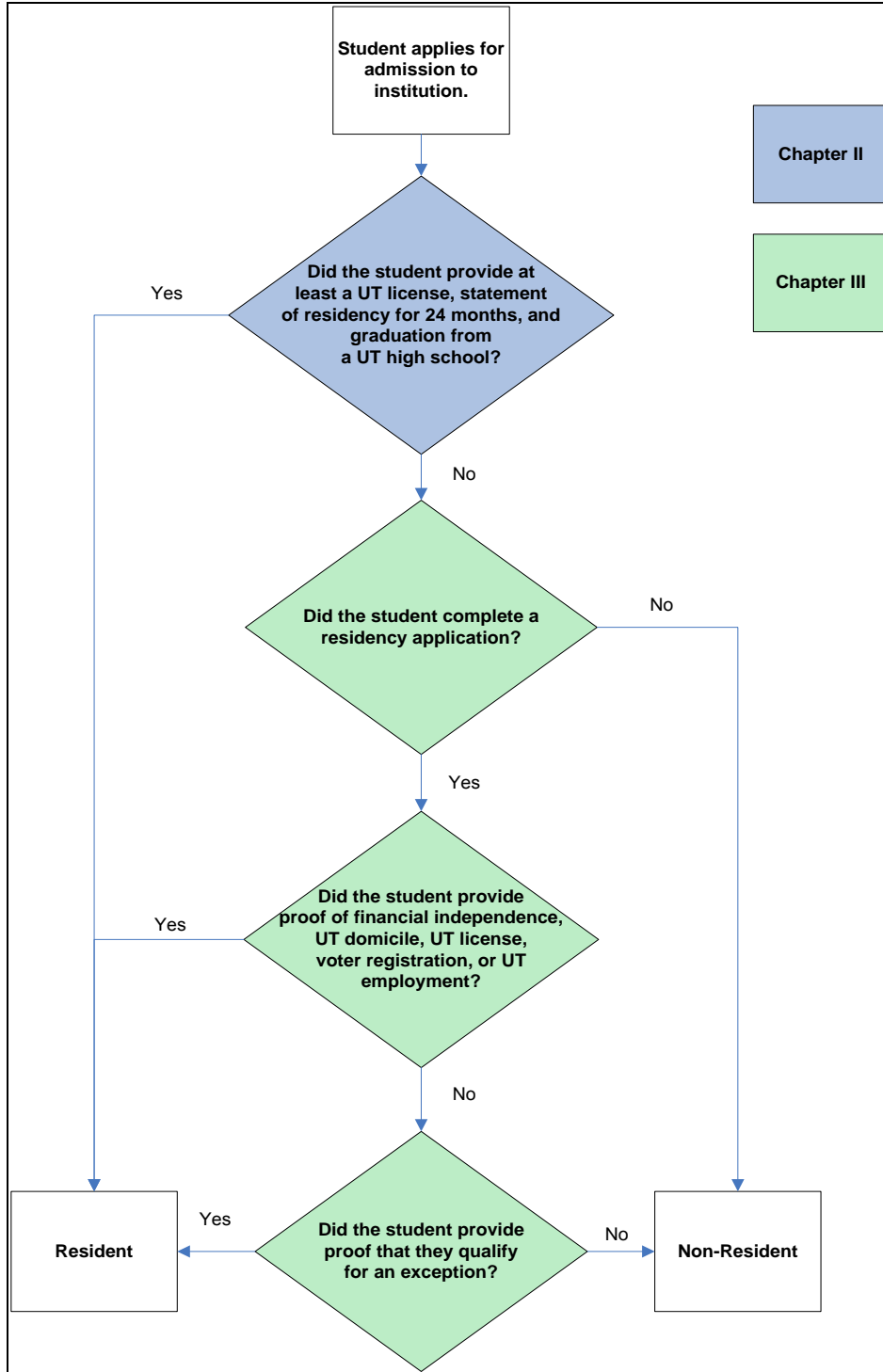
Armed forces personnel, marriage to a Utah resident, full-time employment and other situations qualify as exceptions to the 12-month residency rule.

Residency Determination Follows Two Basic Steps

Residency is determined initially during the admissions application, and then can be redetermined through a residency application.

Utah schools follow a two-step process to determine whether an applicant should be considered a resident. The first step is the initial application for admission and the second step is an application for residency reclassification. This second application is required when there are questions about a students' residency that arise from the initial application. Figure 1.4 shows this process.

Figure 1.4. Residency Is Determined Through the Application for Admission and the Application for Residency. The application for residency is only required if questions arise from the initial admissions application.



If the application for admission leaves reasonable doubt, the applicant should be classified as a nonresident.

Initial Application Is First Step in Determining Residency

The first step in this determination process requires no documentation on the part of the applicant, only their signature on the admissions application stating that the information is accurate to the best of their knowledge. According to the BOR, “the institution initially classifies all student applicants as either resident or nonresident according to responses on the admission application . . . Students initially classified as residents do not apply for residency.” However, if the admission application leaves reasonable doubt concerning residency, the student is classified as a nonresident.

In Utah, residency is granted if the applicant’s admissions application provides enough proof that the applicant has continuously lived in Utah for 12 or more months. Some institutions outside of Utah have stronger documentation requirements in order to be eligible for resident tuition.

Some States Require More Documentation On Initial Application for Residency

Some other states require more residency documentation with the initial application.

Some surrounding states require more than an admissions application to prove residency. We contacted institutions in the surrounding states of Nevada, Idaho, Wyoming, Colorado, New Mexico, and Arizona. Like Utah, other states’ institutions initially determine residency from either the admissions application or an application for residency. However, some other states’ institutions require more initial documentation proving residency than Utah institutions. Figure 1.5 shows some of the stricter residency documentation required by institutions outside of Utah.

Figure 1.5. Initial Determination of Residency Requirements for Schools Outside of Utah Varies. Utah is similar to at least four of the states.

Institution	Requirements
University of Nevada	One piece of documentation proving residency must be provided with application.
Arizona State University	Admission application is online and system determines through a rules-based algorithm if applicant qualifies for residency; if granted residency, applicant must provide proof of citizenship.
Boise State University	If did not graduate from an Idaho high school prior to application, must provide proof from a list of approved documents.
University of Wyoming	If not a recent graduate of a Wyoming school, applicant must provide as much documentation as possible to prove residency.
Colorado State University	If applicant is under 23, the burden is placed on the parents to qualify for eligibility, but documentation is not required, signature certifies responses are truthful.
University of New Mexico	If application is answered appropriately, residency is granted without further corroboration.

As shown in Figure 1.5, Arizona State University requires documentation of residency from all applicants at the initial application phase, which is more stringent than Utah requirements. The other surveyed schools operate similarly to Utah in most situations.

Similar Studies In Other States’ Showed Residency Determination Was Flawed. We examined other states’ audits and reports regarding residency determination (not those included in Figure 1.5). The biggest problem these audits and reports found was that rules and policies needed to be improved to provide better guidance in determining residency. Institutions were granting residency to applicants who should have been classified as nonresidents; as a result, many institutions lost tuition revenue because of the higher tuition nonresidents are required to pay.

The University of Nevada and Arizona State University require initial residency documentation.

Other state institutions have lost between \$2 and \$28 million by misclassifying nonresident students.

For example, an audit of the University of Georgia selected a sample of students initially classified as nonresidents, then reclassified as residents. The audit found that 28 percent of these reclassifications should not have been granted, identifying \$2 million in forgone revenue. Another report regarding higher education in Florida showed that the reclassification of nonresident students led to a loss of \$28.2 million in annual tuition revenue. According to the reports, providing adequate and consistent methods to determine residency, such as increasing the standard of evidence required, would help prevent loss of tuition revenue.

Some of the methods suggested to strengthen residency determination were:

- Developing procedures for residency evaluation at institutions and monitoring that each institution follows these rules consistently
- Adopting minimum documentation standards
- Defining how dependent/independent status is determined (automatically independent if over 24 years of age)

We did not discover any similar problems in our audit.

Audit Scope and Objectives

This audit was requested in order to determine whether Utah's institutions of higher education appropriately determine residency for purposes of tuition in order to fulfill the mandate of state statute. In order to determine this, we surveyed five Utah institutions' admissions for a sample from fall semester 2009 and spring semester 2010.

Chapter II

Most Institutions Follow Policy in Initially Determining Residency

Residency determination does not appear to be a problem for the majority of reviewed Utah higher education institutions (institutions or schools). Documentation supporting residency determination decisions supports this conclusion based on a sample of 2009-10 school year admissions. Utah's schools all used differing levels of automation for their decision-making processes, with UVU's heavily automated documentation process being the most efficient. While Dixie State College, with about a quarter of the sampled decisions lacking documentation, was the least effective, it appears they have already made efforts to improve. The College of Eastern Utah also appears to struggle to document their decisions, and follows a questionable documentation retention policy.

Application Screening Is Successful for Most Institutions

Five of the nine Utah institutions were reviewed to determine whether they appropriately classified the residency status of their newly enrolled students. We had no concerns with the determination processes or actual residency decisions of three of the five institutions. There is, however, a lack of uniformity in the schools' methods of determination, particularly in the level of system automation. The more automated systems appear to be more efficient.

Three of the five sampled schools appropriately determined residency.

A sample of applicants showed that the majority of schools follow residency policy.

Residency Pre-screening of Student Applications Works Well

Each surveyed school identified criteria they use to determine residency from the admissions application. We compared their findings against a random sample of students enrolled during two semesters. The sample had at least a 95 percent confidence level showing that the majority of schools followed their own policy in determining residency. Figure 2.1 shows the schools sampled and the percentage of the sample that we determined lacked adequate documentation to support the institution's decision.

Figure 2.1. The Residency Determination Process at Most of the Sampled Schools Raised Little Concern. The sample had at least a 95 percent confidence level for each school.

Institution	Percent of Residents Lacking Documentation
University of Utah (U of U)	0.0%
Utah State University (USU)	2.3*
Utah Valley University (UVU)	1.7
Dixie State College (Dixie)	23.0**
College of Eastern Utah (CEU)	11.0

* This is exclusively no Utah license.

** This includes no Utah license.

Figure 2.1 demonstrates that other than Dixie and CEU, we had little concern with the effectiveness of the institutions' initial determination process decisions.

The various institutions base their judgments on differing levels of proof of residency. Figure 2.2 shows the initial requirements of the five institutions surveyed.

Figure 2.2. The Five Surveyed Institutions Examine Various Evidences of Residency. Dixie and CEU examine the least evidence of residency.

School	UT Driver License	UT High School Transcript	UT College Transcript	Permanent UT Address	Statement of Residency
U of U	X	X	X	X	X
USU	X	X	X	X	X
UVU	X	X	X	X	X
Dixie	X	X			X
CEU	X	X			X

Dixie and CEU examine the least proof at admission. The other schools use additional information to determine whether the applicants are residents. Because these schools require a smaller amount of proof of residency, the higher incidence of missing documentation is additionally concerning.

Sampled Institutions Use Different Acceptable Systems of Determination

Institutions throughout the state of Utah must evaluate a large number of admissions applications annually and, as a result, rely heavily on staff and automation to facilitate the determination of residency. The degree of automation employed varied among the sampled schools.

The University of Utah does not utilize an automated system, relying heavily on staff to review and decide residency for every applicant. In contrast, Utah Valley University has very few staff dedicated to determining residency; as a result, they rely heavily on an automated system to help decide residency for applicants. Figure 2.3 shows the extent to which schools use their staff and automation to initially determine residency.

CEU and Dixie examine the least amount of proof or residency at admissions.

UVU relies heavily on an automated logic system to make initial residency decisions.

Figure 2.3. Sampled Institutions Use a Mixture of Staff and Automated Systems. Most sampled institutions rely on staff to assist in the initial determination of residency.

Institution	Automation
University of Utah	No automation: all applications printed and examined by staff
Utah State University	Automated system uploads all applications: staff determine residency without having to print admissions applications
Utah Valley University	82% of applications are online: initial residency is determined by a logic-based algorithm; staff used to determine initial residency for paper application then inputted into Banner system.
Dixie State College	Automated system uploads all applications: staff determine residency without having to print admissions applications
CEU	No automation: all applications printed and examined by staff

Most institutions use a mixture of automation and staff to make initial residency decisions.

According to Figure 2.3, most institutions use a mixture of automation and staff. The system utilized by Utah State University and Dixie State College, called Banner, is a customized system that allows staff to search fields relevant to residency determination, thus making the decision-making process more efficient and timely. CEU has the Banner system but it is not customized like Dixie and USU to allow them to use it for residency decisions. Thus, they are required to review all applications by hand.

UVU's Automated System Facilitates Employee Efficiency

UVU's automation of initial residency determination requires fewer employees and processes a large volume of applications in a relatively short time. Approximately 82 percent of UVU applicants submit online admissions applications. Once the online application is filled out, the application is then evaluated by a rules-based algorithm that automatically determines the initial residency status of all applicants. As a result, the residency determination is more efficient because there is an objective method used consistently with every application. Figure 2.4 compares UVU and the other institutions sampled.

UVU's residency determination is the most efficient of the sampled institutions.

Figure 2.4. UVU's Application Determination Efficiency Ratio Compares Favorably to Most Other Sampled Institutions. The number of applications processed per staff member shows how efficiently the sampled institutions work in determining initial residency for applicants.

Institution	Number of Staff*	Number of Applications**	Applications per Staff
U of U	8.5	10,027	1,180
USU	6.0	15,556	2,593
UVU	1.5	24,104	16,069
Dixie	2.0	5,769	2,885
CEU	2.0	1,177	589

* These admissions staff have duties that vary by school, but all perform residency determinations.

** The number of applications processed is for Fall 2009 and Spring 2010.

UVU has shown that it can successfully process a high number of applications with limited staff. With a much higher number of applicants per year, they have the smallest number of staff, and one of the highest accuracies of the sample, as shown in Figure 2.1.

The University of Utah would see efficiency gains and cost reductions if they implement an automated system similar to the UVU system. USU and Dixie have increased efficiency by implementing the automated Banner system for residency determinations, in combination with a person manually reviewing the applications. CEU uses the Banner system, but unlike USU and Dixie, they do not use it in residency decisions. As a result, all of CEU's applications are reviewed by hand. CEU could also increase their level of efficiency in examining applications by uploading all application information to their Banner system.

Dixie State College Lacked Documentation and Controls

Almost one quarter of the sampled residency determinations at Dixie State College could not be supported by the available documentation. Many identified errors involved missing applications. When combined with Dixie's choice to use fewer determination factors, this lack of documentation becomes more concerning. We also identified three examples where it appeared the student had been inappropriately determined a resident. Part of this problem may have been due to the residency questions being optional on past

Implementing an automated system has increased USU and Dixie's efficiency.

Dixie could not document one quarter of residency decisions.

applications. Dixie has tightened controls over online applications for the last school year.

One Quarter of Dixie's Sampled Residency Determinations Could Not Be Documented

Our survey of Dixie showed that documentation was lacking for 23 percent of sampled residency determinations. The school could not locate or provide applications for many of the students in the sample. Figure 2.5 lists the missing documentation, and the percentage of records found with these concerns.

Figure 2.5. Dixie Had Problems with Nearly a Quarter of Their Applications. Many of these concerns represent cases where no application could be located.

Documentation Lacking	Percent of Surveyed Residents
No application on file	13.5%
No statement of residency nor UT license	1.6
No statement of residency	4.3
No Utah license	3.7
Total	23.1%

We are not assuming that all sampled students without an application on file should have been designated as nonresidents. But, without evidence of all the determination factors, we were unable to prove that they were appropriately decided. Further, many of the questionable decisions were made even though the applications' residency determination questions were unanswered.

In addition, it appears that three applicants for the sample were incorrectly determined to be Utah residents. These students all had driver licenses from other states; one from Wyoming, one from Oregon, and one from Washington. While it is possible that some extenuating circumstances may have allowed these students to be legally determined residents, we found no evidence or information to support their in-state residency status.

Dixie Has Not Enforced Required Residency Questions on Admissions Applications

During our survey period, it appears that when potential students completed an application, either hard copy or online, the application

Three sampled applicants had driver licenses from states outside of Utah.

was accepted whether the residency questions were answered or not. Because of this, Dixie could not support many residency determination decisions.

Dixie reported that answering the questions was made mandatory for the fall 2012 semester, to facilitate appropriate decisions. We verified that residency questions were made mandatory for online applications, but could not verify hard copies submitted manually. In addition, Dixie has hired a new residency officer for the last two semesters; this staff-person reports that the school's current procedure automatically designates a student a nonresident if any answers to residency questions cause concern. The applicant is then required to fill out an application for residency. This process follows BOR policy, which states, "if an admission application leaves reasonable doubt concerning residency, the student shall be classified as nonresident." We encourage Dixie to continue with these efforts, and recommend they do not accept hard copy applications with blank residency questions.

Residency Determination for CEU Should Be Strengthened

Errors in CEU's initial residency determination increased from fall 2009 to fall 2010, despite fewer applicants to the school. We also noted an increase in reclassification errors during this time period. These documentation errors are concerning, especially given the school's document retention policy. We took a sample of 100 student applications (fifty from fall 2009 and fifty from fall 2010) and examined initial residency decisions.

CEU's sampled semesters are different from the other sampled institutions because of CEU's unique situation during that time. On July 1, 2010, CEU became a part of Utah State University. CEU continued to maintain their own admissions process, but there were some concerns that they had unfairly changed that process after their switch to being a USU institution. Because of these concerns, we sampled a semester while they were an independent entity and one while they were part of USU. While we found no evidence to support these concerns, we did have documentation concerns at CEU.

Applications to Dixie were accepted whether residency questions were answered or not.

Residency questions are now required before online applications are accepted.

CEU became a part of USU on July 1, 2010.

14 percent of residency decisions for sampled application could not be documented in fall 2010.

Initial Residency Determination Concerns Increased from 2009 to 2010

Examination of the samples taken from CEU in fall 2009 showed that 6 percent of the sample was concerning; however, this number jumped to 14 percent in fall 2010. Figure 2.6 outlines the problems found in the samples for fall 2009 and fall 2010.

Figure 2.6. CEU's Residency Determination Errors Increased from 2009 to 2010. The three areas of concern increased from one school year to the next.

	Fall 2009 Percentage of Sample	Fall 2010 Percentage of Sample
Documentation	0%	2%
High school transcripts	4	8
Bureau of Indian Affairs Number	2	4
Total	6%	14%

As shown in Figure 2.6, there were no issues with documentation during fall 2009, and only 2 percent in fall 2010. Providing a copy of a high school transcripts or a GED is required for admissions to CEU; Figure 2.6 shows that the percentage missing that evidence doubled from 4 percent to 8 percent. Many applicants to CEU are Native American and can be granted, according to *Utah Code*, automatic residency if they are a member of a particular tribe and they reside in an adjacent state. Providing a Bureau of Indian Affairs (BIA) number, confirms to which tribe they belong. Figure 2.6 shows that the number of applicants who failed to provide a BIA number and were granted residency increased from 2 percent to 4 percent.

Errors more than doubled from fall 2009 to fall 2010.

We are concerned that these errors have more than doubled between fall 2009 and fall 2010, especially since enrollment for 2010 decreased from 2009 by 31 applicants, a 3.5 percent decrease. Since fall 2010, CEU has merged with USU; however, CEU has continued to approve its residency during this time. USU should consider performing all of the residency functions for CEU or monitor the residency function to assure that rules are being followed.

Stronger Documentation Retention Standards Need to Be Implemented at CEU

In addition to the 20 documentation errors identified in Figure 2.6, we found a total of 23 applications between fall 2009 and fall 2010 that were granted residency with no remaining documentation to support this decision. While it is possible that proper rules were followed to establish residency for these applicants, we cannot verify this. It is CEU's policy to destroy applications if the student does not attend CEU.

CEU destroys the records of applicants who do not attend the college because they lack room in their vault to store all students who have attended and those who have not. CEU does not have an imaging system to copy the application and store it digitally. However, CEU does use the Banner system, like other schools that we examined, in which they could input admissions' application information. Inputting application information into the Banner system would allow CEU to continue its practice of destroying records, but also have documentation of the information on the admissions applications.

Because CEU is now a part of Utah State University, it may improve documentation of CEU's residency decisions to move this process under USU's supervision. USU's residency decisions were documented very well in our sample, and we anticipate they would continue this with responsibility for CEU.

CEU destroys all records for applicants who do not ever attend CEU.

Placing CEU's residency determination under USU may increase accuracy and documentation.

Recommendations

1. We recommend that Dixie State College not accept online or hard copy admissions applications without all residency questions being answered.
2. We recommend the College of Eastern Utah store all questions on the admissions applications related to initial residency determination on their Banner system.
3. We recommend Utah State University consider monitoring or taking over the initial residency determination at the College of Eastern Utah.

Chapter III

Most Institutions Appropriately Determine Residency Reclassifications

Four of five surveyed Utah higher education institutions (institutions or schools) can provide adequate documentation that their final residency determinations follow state statute and Board of Regent policies. CEU is the one exception in granting residency to students without adequate proof of residency. At the remaining institutions, we did not find any questionable decisions with the process of reviewing student petitions. The method other surrounding states use to make residency reclassifications is quite similar to Utah's. We have no concerns with either this process or most of the surveyed schools' documentation of decisions.

Most Institutions Appropriately Document Residency Reclassifications

When students challenge their initial classification by an institution as a nonresident, they are required to submit applications for residency reclassification. In these cases where students are required to prove they qualify for residency status, most of the sampled schools were able to adequately document their final residency determination. However, CEU showed a lack of documentation in granting residency to students applying for residency reclassification. With the exception of CEU, the institutions surveyed were able to provide completed residency applications, their decision methodology, and source documentation supporting the claims in the application.

A key element in the students' residency challenge is the supporting documentation required with the application. Some required documentation proving residency is shown in Figure 3.1.

**Some of CEU's
residency
reclassifications
lacked documentation.**

Figure 3.1. When Proving Residency, Students Must Provide Some Documentation of Domicile in Utah or Qualification for an Exception. Students can prove residency either by documenting living 12 months in Utah or qualifying for one of the allowed exceptions.

Requirement
U.S. citizen or have permanent resident status
Utah driver license (or Utah ID card if applicant does not drive)
Utah vehicle registration (if a vehicle is owned)
Proof of Utah voter registration
One-year residency in Utah, shown by:
Verification of physical presence (enrollment in on-campus courses, letter from Utah employer, rental agreement, etc.)
Verification that student is not a dependent on parents' taxes
Marriage license and proof of spouse's residency status
Evidence of active military duty and a recent Utah State tax return
Evidence for one of the other allowed exceptions (see Figure 1.3)

Each school can establish its own documentation requirements, but all surveyed require a Utah driver license if the student drives, and verification that the student is not listed as a dependent on their parents' taxes for the previous year. While there is some difference in schools' verification of 12 months spent in Utah before applying for residency, all of the accepted documentation appeared to be appropriate.

Our sample of students who submitted residency applications in the selected schools, aside from CEU, found that all had been appropriately reviewed. Those students who had received residency status had adequately documented their Utah residency, either by proof of living in Utah for at least 12 months or meeting one of the allowed exceptions. We had no concern with this second step in the residency determination process.

CEU's Reclassification of Students Lacks Documentation

CEU granted residency status to students without an adequate amount of documentation. We sampled eight reclassification applications; four from fall 2009 and four from fall 2010. We found problems with one application in fall 2009 and three applications in fall 2010. The files did not provide the required documentation to be

Four of the five schools appropriately reclassified students.

Four of eight CEU sampled reclassifications lacked documentation.

approved for residency. CEU requires certain documentation for all students who apply to be reclassified as a resident. Applicants who were initially coded as nonresidents but are trying to prove they are residents, must provide adequate documentation to prove their residency. Figure 3.2 outlines what is required at CEU by applicants for residency.

Figure 3.2. CEU Requires Some Supporting Documentation Required for Residency Applications. A copy of these documents is required before residency reclassification can be considered.

EVERY APPLICANT IS REQUIRED to provide a copy of all of the following applicable documents:
Utah driver's license (If do not have valid driver's license from any other state and do not drive, provide a copy of a Utah ID card.)
Utah car registration (If operating a car in Utah, provide a copy of the state registration form)
Proof of Utah voter registration (Provide a copy of registration card or a certified letter from the County Clerk's Office.)
If you are a resident alien, provide a photocopy of your resident alien card

Figure 3.2 shows the minimum amount of documentation required in order to be considered for residency at CEU. There are other forms of documentation required if the student is trying to qualify for a residency exception; these would include tax returns or a marriage certificate.

We reviewed a total of eight files for residency reclassification, four from fall 2009 and four from fall 2010. Figure 3.3 shows the results of our examination.

Students can also document qualification for an allowed exception.

Figure 3.3. CEU's Resident Reclassification Errors Increased from 2009 to 2010. Some of the applications showed more than one discrepancy.

	Driver's License	Voter Registration	Tax Return	Total Applications with Errors
Fall 2009	0	1	1	1
Fall 2010	2	3	1	3

Figure 3.3 shows that we found more errors in fall 2010 than fall 2009, as demonstrated in the CEU sample for initial residency determination. While this may be an anomaly, we are still concerned, especially given the other sampled institutions high level of documentation. The Board of Regents Residency Officers' Handbook states that for students to qualify for reclassification, a nonresident must demonstrate substantial evidence. The policy does not specify how much documentation is required, but we cannot say that substantial evidence had been provided to make a definitive determination on the files that we examined.

Other States Employ a Similar Two-Step Process

Contacted surrounding states' institutions use a comparable process to reclassify students from nonresidents to residents. In all cases, the student must submit an application for residency reclassification and provide documentary evidence to support their claims. Acceptable forms of documentary evidence are similar from state to state. Figure 3.3 shows the other states' requirements for reclassification.

Substantial evidence must be provided for reclassification.

The reclassification process for other states is similar to Utah's.

Figure 3.3. Reclassification Requirements Are Similar for Schools Outside of Utah. Out-of-state institutions have a method similar to Utah's for proving residency when students appeal initial residency decisions.

Institution	Requirements
University of Nevada	Complete reclassification application and meet with Board of Appeals, providing documentation of residence in Nevada (lease agreement), financial independence or dependence (federal tax return), intent to remain in Nevada (3 documents of proof, such as a driver license)
Boise State University	Must provide five pieces of proof from the following list: driver license, vehicle registration, voting registration, proof of lease, bank statement, and proof of abandonment of previous domicile
University of Wyoming	Submit petition for resident tuition status application and supporting documentation; for example, copy of driver license, vehicle registration, employment verification, etc.
Colorado State University	Must provide documentation of residency, such as a driver license, vehicle registration, voter registration; if under 23, must provide the above documentation for student and the student's parents
University of New Mexico	Submit petition for residency application and two forms of documentation; for example, copy of parents' previous year income tax return, New Mexico driver license, voter registration, etc.
Arizona State University	Complete residency classification petition application and provide proof of the following: financial independence or dependence (personal or parental federal tax returns), physical presence (bank statements), intent to establish Arizona residence (driver license)

The two-step process appears to be a standard procedure followed by both Utah and out-of-state institutions. One exception we found, the University of Nevada, bypasses the residency department's determination and allows the student to appeal directly to the Board of Appeals. In all the other states, the student fills out a reclassification application and the residency department makes a decision before an appeal can be made.

The University of Nevada allows students to bypass the application and appeal to a Board of Appeals..

We had no concerns with Utah schools' processes in comparison with that of other states. In addition, most institutions appeared to be following their own policies and procedures when changing students' residency status.

Recommendations

1. We recommend that the College of Eastern Utah not approve residency reclassification without the required documentation as outlined in Board of Regent and College of Eastern Utah policy.
2. We recommend that Utah State University consider monitoring or taking over the residency reclassification function at the College of Eastern Utah.

Agency Response

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September 2, 2011

Mr. John Schaff
Legislative Auditor General
W315 Utah State Capitol Complex
Salt Lake City, UT 84114-5315

Dear Mr. Schaff:

On behalf of the Utah System of Higher Education (USHE), we wish to thank you for the opportunity to respond to the audit of Higher Education Institutions' Residency Determinations. Your staff was both professional and courteous as they carried out the audit. We appreciate their helpful and reasoned recommendations for improvement, and accept those recommendations.

We are confident that the implementation of the recommendations along with new practices and training will result in more consistency in following Regent's and institutional higher education policies regarding initial residency and residency reclassification. Efforts have already been made to improve documentation and other processes regarding residency determination.

In addition to the recommendations, on page 15 of the report, Figure 2.4., the USHE feels it important to clarify information in the figure which displays the number of staff and applications processed by the sampled institutions. As noted in the footnote, institutional personnel work on tasks other than residency determinations. Further, though personnel at UVU do benefit from the high level of automation, this also can create problems if a staff member misses work for an extended period of time. Nevertheless, UVU has shared automation concepts with the other USHE institutions.

Attached is the USHE response to the recommendations in the audit. We look forward to responding to questions and suggestions as this audit report is presented to various legislative committees.

Sincerely,



William A. Sederburg
Commissioner of Higher Education

Attachment

Response to the Legislative Audit of Higher Education Institutions' Residency Determinations

The Utah System of Higher Education (USHE) appreciates the opportunity to respond to the Audit of Higher Education Institutions' Residency Determination. In response, the USHE institutions have already designed measures to improve their processes, and we offer the following explanatory information regarding recommendations noted in Chapters 2 and 3:

Here are a list of the recommendations to the audit and the respective USHE response:

Chapter 2

Recommendation 1: *We recommend that Dixie State College not accept online or hard copy admissions applications without all residency questions being answered.*

Response: We concur. Dixie State College has already made several adjustments and will continue to make improvements in this area.

Recommendation 2: *We recommend the College of Eastern Utah store all questions on the admissions applications related to initial residency determination on their Banner System.*

Response: We concur. The College has procured a document imaging system, which allows the storing of system residency-related documentation. The College will store all such documents on its system.

Recommendation 3: *We recommend Utah State University consider monitoring or taking over the initial residency determination at the College of Eastern Utah.*

Response: We concur. Utah State University and College of Eastern Utah were officially merged in July of 2010. Utah State University-College of Eastern Utah (USU-CEU), the merged entity, has made great progress in implementing an electronic application that is completely integrated in the admission processes of its parent organization, Utah State University. As a result of the merger, the College no longer operates with independent policies and procedures and is transitioning to Utah State University policies. This transition has changed the way admissions works at USU-CEU, with USU overseeing admissions.

USU-CEU will use the USU Residency Application Form and receive training on the process. Staff on the San Juan Campus will also use the same form and receive training. A regular review of the policy and the application will be developed and begin this fall. Under the supervision of Utah State University, the College will coordinate all initial residency determinations.

Chapter 3

Recommendation 1: *We recommend that the College of Eastern Utah not approve residency without the required documentation as outlined in Board of Regent and College of Eastern Utah policy.*

Response: We concur. Operating under Utah State University policy, the College will not approve residency reclassification without the required documents as outlined in Board of Regents and USU policy. Training on those policies has already taken place.

Recommendation 2: *We recommend that Utah State University consider monitoring or taking over the residency reclassification function at the College of Eastern Utah.*

Response: We concur. USU-CEU will coordinate closely with Utah State University with respect to residency reclassification determinations and operate in full compliance with University policies and procedures.