

Centralized and Uniform Residency Determination

A Progress Report To

The Joint Legislative Education Oversight Committee

**The Senate and House Education Appropriations
Committees**

The Higher Education Collaborative Advisory Committee

November 1, 2014

Centralized and Uniform Residency Determination - Efforts and Plans

LEGISLATIVE MANDATE, 2013 [SB 402; Sections 11.3 (a) and 11.3(b)]

SB 402 directed the University of North Carolina (UNCGA), the North Carolina Community College System (NCCCS), the North Carolina State Education Assistance Authority (NCSEAA), and the North Carolina Independent Colleges and Universities (NCICU) to work together to create a centralized process for determining residency for purposes of tuition and administration of state financial aid. Specifically, the legislation mandated:

- *The General Assembly finds that it is in the best interest of the State for the University System, the Community College System, and the State Education Assistance Authority to apply the criteria in G.S. 116-143.1 to determine residency for tuition purposes in a coordinated and similar manner.*
- *Therefore, The University of North Carolina, the North Carolina Community College System, and the State Education Assistance Authority shall jointly develop and implement a coordinated and centralized process to be used by those three entities when determining the residency for tuition purposes of students who apply for admission and are admitted to a constituent institution of The University of North Carolina or a community college under the jurisdiction of the State Board of Community Colleges and for private college students receiving State-funded financial aid.*
- *In developing a centralized residency determination process, The University of North Carolina General Administration, the North Carolina Community College System, and the State Education Assistance Authority shall consult with the North Carolina Independent Colleges and Universities.*
- *No later than January 1, 2014, The University of North Carolina, the North Carolina Community College System, and the State Education Assistance Authority shall report to the Joint Legislative Education Oversight Committee regarding the progress in developing and implementing a coordinated and centralized process and any necessary statutory changes. (Reported 2/4/14)*

Following the legislative mandate, the organizations cited in the legislation began meeting to develop an approach to fulfilling the requirements of the law, including a timeline by which various phases of implementation might be accomplished (see Appendix A for a list of organizations and individuals engaged in the work). Conversations with legislators made clear that the process should advance as swiftly as possible.

Residency plays a critical part in the student application, admissions and enrollment process as well as the eligibility for state grants at both public and private colleges and universities. College Foundation, Inc. (CFI) is responsible for implementing annual updates to a majority of North Carolina college and university admission applications and for managing the distribution of state grants to students across North Carolina public and private institutions. With this in mind, the organizations agreed that CFI offered the experience and expertise to help develop the coordinated residency process. Accordingly,

representatives of CFI, at the request of the NCSEAA, joined the other entities in the series of meetings and deliberations.

This working group built upon significant foundational work already being performed by the University of North Carolina, involving campus representatives and General Administration. In 2012, UNCGA and the Office of State Budget and Management conducted a Collaborative Efficiency Review to identify potential efficiency opportunities. The review concluded that current residency determination practices vary widely across the system and do not represent an effective or efficient use of resources. During 2013, the UNC Finance Improvement and Transformation group (UNCFIT) led an analysis designed to define a future state for residency determination within the System. That effort was then superseded by the legislation cited above; however, it provided a core of information and thought which has proved invaluable in the working group's deliberations.

Initially, the working group began with the premise that a standard set of questions could be embedded in every admissions application and then CFNC could either perform for each campus, or have each campus perform itself, a standard algorithm to determine residency. This process would require a compliance monitoring program in order to ensure the integrity of the system. In addition, duplicative effort would be required at the campus level with every legislative or regulatory change. As deliberations continued, the working group considered a statewide solution where campuses could send all residency questions to a central source where the same algorithm would be applied and the decision communicated back to the campus. While this would be an improvement, it still could result in inconsistent decisions if students apply to multiple campuses and answer the questions differently. The working group's analysis ultimately concluded that in order to strengthen the internal controls, consistency and accuracy of the process, while paving the way for centralized reclassification and appeals, a fully centralized system of residency determination is essential. Having one centralized residency application processed through one centralized system reduces the conversion risks, as well as future modifications required by legislative or regulatory changes. The working group believes that using a conversational interview technology will also simplify the student interface while enhancing consistency and accuracy. The following provides a high level overview of the process and system. Appendix B provides additional technical detail.

The intent is to make the process very simple for the student and provide consistency in the residency determination, regardless of where the student applies for admission. For the majority of students applying for admission via CFNC.org the process will be seamless. For those students electing to use another method of applying for admission, there is a "punch out" - a simple link to a central portal where the student will complete as few questions as possible to determine residency. The conversational interview technology will efficiently take the student down selected paths, based on questions completed. The residency questions can be answered at any time during the admission application process (before, during or after submitting an application), so there is no impediment to completing the process. However, just as it exists today, if the student desires in-state tuition, the residency questions must be answered before an admission decision can be made.

CENTRALIZED RESIDENCY DETERMINATION -- GUIDING PRINCIPLES

With the goals of simplicity, efficiency, accuracy, and consistent equitable treatment of students firmly in mind, the working group has adopted the following guiding principles by which it evaluates various ideas and considerations in developing the centralized system on a rapid timeline. See Appendix B for the technical workflow behind these guiding principles.

- I. All residency decisions will be made centrally via CFNC.org; schools that do not use CFNC.org for admissions applications will nevertheless use the centralized residency determination at CFNC.org and receive decisions from the centralized system.
- II. Non-residents with special exceptions in law that provide them with in-state tuition will not complete the residency application but instead will have the opportunity to see a list of those conditions and, depending upon complexity, either apply centrally via CFNC.org or get information and procedures for application at that site.
 - i. Non-resident military service members will be singled out for this with a special application that can be processed centrally, greatly simplifying the determination of residency/eligibility for in-state tuition for this significant group.
 - ii. *Most* other exceptions will be listed with a form/instructions/address list by campus. These generally require campus input and are thus not areas that centralization can enhance. See Appendix C for a listing of these exceptions that are not included in the centralization process.
- III. In the initial phase, decisions will be communicated to the colleges by CFNC and the colleges will inform the student of the decision (since they are responsible for any appeals/reclassifications in this first year).
- IV. Documentation, when required, would be provided by the student to the centralized service (CFNC) and reviewed/adjudicated by SEAA when needed. The working group will collaborate with the State Residency Committee in making determinations regarding needed documentation.
 - i. Images of documents sent to the centralized service will be available for review online by SEAA staff.
 - ii. In cases in which this is difficult because of volume or complexity, the review could require the student to undergo reclassification (initially on the campus he/she wants to attend).
 - iii. In some cases the submission of documents will be to the campus during reclassification – but when the documentation path is simple enough, it will be submitted centrally with images made available to the campus subsequently, whether or not the determination is made centrally.
- V. Students will not pay CFNC any fee for the initial residency determination; UNCGA, NCCCS, and NCICU will provide funding for this service.
- VI. Once reclassification is centralized (in year two), we propose that students seeking reclassification pay a modest processing fee to defray the costs of system development and operations.

PLANNED TIMELINE/PHASES

The working group is very pleased that it has found innovative technological methods permitting a greater than initially envisioned centralization without altering the planned timeline for implementation. The project is on schedule with an anticipated earlier implementation than the working group thought possible when it began its deliberations.

1. **Phase I** of Centralized Residency Determination is synchronized with the CFNC CrossRoads* implementation and will be implemented in early August, 2015.
2. **Phase II**, which incorporates reclassification, will begin planning activity prior to the completion of Phase I and is expected to be completed in June 2016.
3. **Phase III**, which incorporates graduate school residency determinations, is planned to be complete in three to four years, though a final completion date has not been established.

*CFNC CrossRoads is an enhanced admissions application suite being developed by CFNC to replace its existing application interface.

Appendix A

Centralized Residency Determination - Project Organization Structure

The following working group gathered to begin discussions on a coordinated and centralized residency determination process shortly after passage of the legislation.

- Dr. Sharon Morrissey, Executive Vice President/Chief Academic Officer, NCCCS
- Wanda White, Director, Financial Aid & Student Success, NCCCS
- Ken Craig, UNC FIT Project Management Officer, UNCGA
- Shannon Byers, Director of Business Case Development, UNCGA
- Dr. A. Hope Williams, President, NCICU
- Timothy H. McDowell, NCICU
- Dr. Steven E. Brooks, Executive Director, NCSEAA
- Elizabeth McDuffie, Director of Grants, Training, and Outreach, NCSEAA
- Wendy H. McAlister, President, College Foundation, Inc.
- Patrick Kaiser, Vice President, Technology & Project Development, College Foundation, Inc.

As the work continued, the working group became known as the *Higher Education Collaborative Advisory Committee*. Current structure and members are:

- Dr. Karrie G. Dixon, Vice President for Academic and Student Success, UNCGA
- Ken Craig, UNC FIT Project Management Officer, UNCGA
- Gwen Canady, Project Management, UNCGA
- Dr. A. Hope Williams, President, NCICU
- Dr. Lisa M. Chapman, Senior Vice President/Chief Academic Officer, NCCCS
- Wanda White, Director, Financial Aid & Student Success, NCCCS
- Dr. Steven E. Brooks, Executive Director, NCSEAA
- Wendy H. McAlister, President, CFI

Project Development Group:

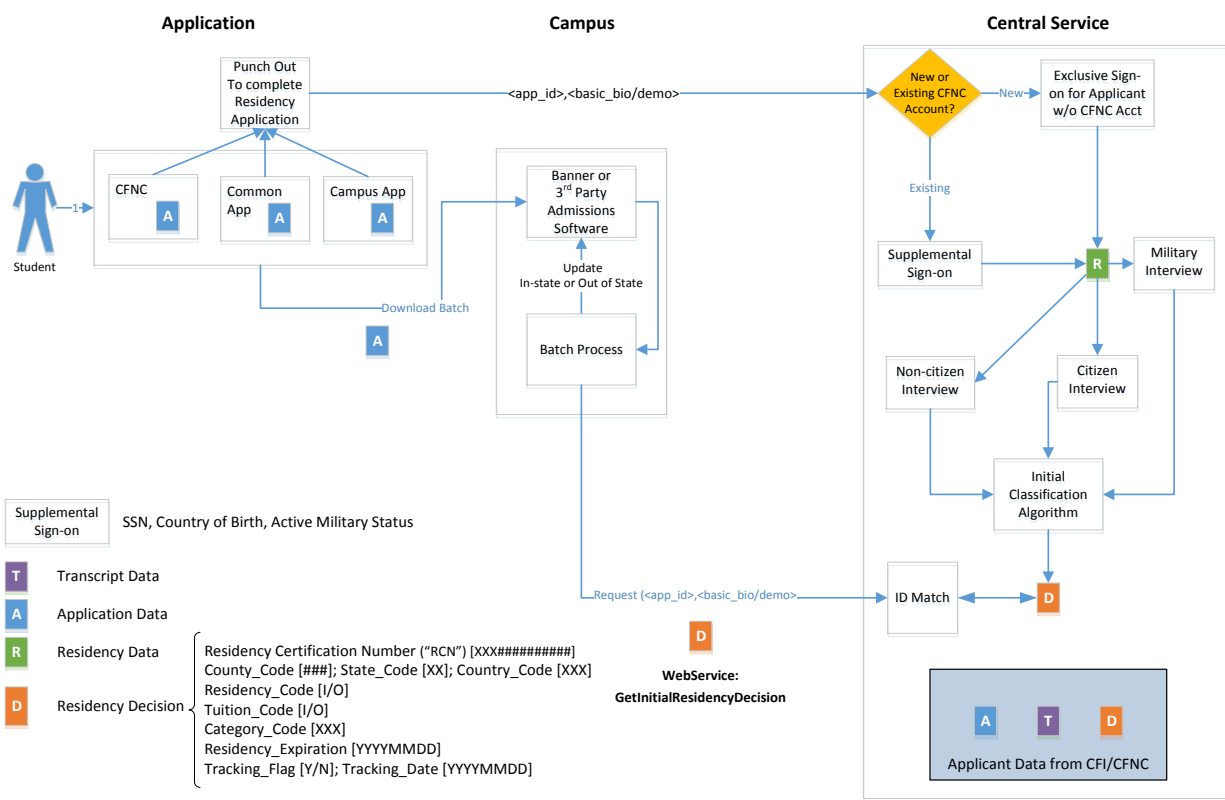
- Executive Sponsors:
 - Gwen Canady (UNCGA)
 - Dr. Lisa Chapman (NCCCS)
 - Dr. Steven E. Brooks (NCSEAA)
 - Dr. A. Hope Williams (NCICU)
- Subject Matter Experts:
 - Roger Sims (NCSU)
 - Elizabeth McDuffie (NCSEAA)
- CFI Sponsor:
 - Patrick Kaiser (CFI)
- Project Manager:
 - Rob Hines (CFI)
- Technology Lead:
 - Marty Flournoy (CFI)

The working group plans to establish a School Advisory/Review Group as we move toward implementation.

Appendix B Technical Information

Technical Diagram of Proposed Centralized Residency Determination Solution

Proposed Technical Workflow for Uniform Residency Determination



Data Structures

Beginning in August of 2015, data transfers from CFNC.org will include additional data related to student residency. Included in this transfer will be the following key information for which information technology and admissions departments at the colleges and universities should begin to prepare:

- a Residency Certification Number ("RCN"),
- a county code,
- a state code,
- a country code,
- the residency determination,
- a tuition code,
- a category code,

- an expiration date for the residency determination,
- a tracking flag, and
- an expiration date for tracking purposes.

Each of these data structures will comply with Student Data Mart conventions where applicable and are addressed in greater detail below.

Residency Certification Number

Campuses will want to accept/track a student-entered Residency Certification Number (RCN) from the centralized residency system as part of their admission application, irrespective of source (CFNC.org, Common Application, or a campus-developed). The RCN will be included with each student’s residency determination as part of the data package exchanged with the centralized residency system (in the same manner as campuses currently receive academic transcript information from CFNC). A valid RCN provides:

- confirmation that the student has completed the residency application process, and
- a unique identification number for the student. (Future determinations for the student, if required, will include the same student identifier in the RCN.)

The RCN format will be: “XXX#####,” where “XXX” is a randomly generated sequence of letters and “#####” reflects the unique student identification number which can be used to match a student to his or her admissions application and transcript. The RCN will be passed to the student upon completion of the residency application and the student will be required to provide the RCN along with the admissions application, or subsequent to that application as appropriate. The RCN will NOT contain students’ residency determination; that is communicated by other fields specified below. Therefore, students will have evidence of completing the residency process, but will not know their residency status until the admitting school informs them.

County Code

The field named “County_Code” is a three-digit numeric field containing the Student Data Mart code for the North Carolina county containing a student’s permanent address. Students with a permanent address outside of North Carolina will have a unique code in this field that indicates the address is not in NC.

State Code

The “State_Code” field will identify the state in which the applicant’s permanent residence is located. This is a two-character alpha field that will use official US Postal Service state codes and will provide a separate unique code to identify students whose permanent address is outside the United States. This also reflects alignment with the conventions of the Student Data Mart.

Country Code

The field named “Country_Code” will identify the country in which an applicant’s permanent address is located. This code will use the three-character ISO country codes, again, like the Student Data Mart.

Residency Code

The residency code, named "Residency_Code," is a one character field having two valid values, either "I" or "O." This code communicates an individual student's legal residency status. Legal North Carolina residents will receive "I" in this field and in all cases are eligible for in-state tuition and state grants.

Tuition Code

The tuition code, named "Tuition_Code," also is a one character field having the same two valid values – "I" or "O." This field communicates the type of tuition that a student shall be charged – in-state or out-of-state. This field may or may not match the Residency_Code field depending upon a student's residency status and whether or not the student is eligible for an approved exception.

Using these Fields

Data coming from the Uniform Residency Determination system will have both of the above fields populated and determining how to charge a student requires both. Valid combinations include:

Residency_Code	Tuition_Code	How to Interpret the Results
I	I	The applicant is a legal North Carolina resident; she or he shall pay in-state tuition rates and is eligible for state grant consideration.
O	I	The applicant is not a legal North Carolina resident but qualifies for the in-state tuition rate based upon an exception. (See Exception Category field.)
O	O	The applicant is not a legal North Carolina resident and does not qualify for an exception that would allow for in-state tuition; she or he shall pay out-of-state tuition rates.

Category Code

For situations in which it may be useful to provide additional information for the campus, such as documentation of an exception or other important information, the central service will provide a three character field named "Category_Code." Initially, this field will be used to identify active duty military personnel, their spouses, and their dependents who qualify based upon this military status, but use of this field may be expanded in the future.

As an example, for active duty service members who qualify for in-state tuition based upon identification of North Carolina as their state of permanent residence on the Leave and Earning Statement (LES), the residency fields will be populated as follows: Residency_Code = "I"; Tuition_Code = "I"; Category_Code = "MIL." Such members are legal residents of the state and are entitled to be charged in-state tuition.

For active duty service members qualifying based solely upon assignment to a permanent duty station in NC (their LES identifies them as a resident of another state), the residency fields will be populated as follows: Residency_Code = "O"; Tuition_Code = "I"; Category_Code = "MIL." These service members are

not legal residents, however, their military status grants them an exception that allows them to pay in-state tuition.

Residency Expiration Date

The field named “Residency_Expiration” is an eight-digit numeric field [YYYYMMDD] that communicates the date a student’s residency determination decision (I or O) expires. Residency determinations are valid for one year, in accordance with state law, and this date will reflect the residency application date plus 365 days. This is a critical data point because students whose residency determination expires prior to the start-of-term will need a new residency determination prior to enrolling for the term in question.

Tracking Flag

Certain applicants require tracking due to the circumstances of their eligibility. For example, the law requires holders of a Conditional Green Card to comply with certain rules designed to ensure their status is up-to-date and that this status is known by the college or university. Because Conditional Green Card holders do not have unconditioned Permanent Resident status, the expiration date of their green cards must be tracked to ensure compliance with laws and regulations that will allow them to maintain their eligibility for in-state tuition.

The “Tracking_Flag” field is a single-digit field populated by “Y” or “N.” Persons whose status must be tracked will have a “Y” in this field; all others will have this populated with an “N.” If Tracking_Flag = Y, the centralized service will populate the final field, “Tracking_Date,” which is described below.

Tracking Date

When applicants are in a status that must be tracked, the Tracking_Date field will contain the expiration date of the applicant’s documentation or other date against which the college or university should track. This field will follow the same eight-digit date conventions found in the Residency_Expiration field [YYYYMMDD].

Summary

The fields and the values defined above reflect the complete set of data that the centralized service will provide to public and private colleges and universities with respect to residency. Detailed residency data from applicant responses will not be provided; instead, the initial residency classification will be completed by the central service, which will then provide the determination for each applicant directly to the colleges and universities.

Appendix C

Exceptions That Provide for In-state Tuition Charges for Certain Non-residents

The General Assembly has from time to time enacted laws that grant the in-state tuition rate to certain categories of students attending community college or University of North Carolina programs. These exceptions do not create a “legal resident for tuition purposes” but rather simply by exception confer the lower tuition rate for eligible students. The exceptions are system-specific; a student eligible for an exception at a University of North Carolina campus does not qualify for an exception at a North Carolina Community College on that same basis, and vice-versa.

UNC Exceptions

1. **UNC Faculty/Staff** – eliminates the 12 month waiting period for faculty/staff and their dependents.
2. **Academic Scholars** – “full” (non-athletic) scholarship recipients are treated as residents.

NCCCS Exceptions

1. **Business-Sponsored Students.** When an employer (other than the armed services) pays tuition for an employee to attend a community college and the employee works at a North Carolina business location, the employer shall be charged the in-state tuition rate.
2. **Business- and Military-Transferred Families.** A community college may charge in-state tuition to up to one percent (1%) of its out-of-state students (rounded up to the next whole number) to accommodate the families transferred into North Carolina by business or industry, or civilian families transferred into North Carolina by the military, under the following conditions.
 - a. Relocation to North Carolina by the student and if applicable, the student’s family, within the 12 months preceding enrollment;
 - b. Written certification by the employer on corporate letterhead that the student or some member of the student’s family was transferred to North Carolina for employment purposes;
 - c. Certification of student’s compliance with the requirements of the Selective Service System, if applicable.
 - d. If a family member of the transferred individual is applying for this benefit, the family member must also establish the familial relationship with the transferred individual; live in the same residence as the transferred individual; and provide evidence of financial dependence on the transferred individual.

3. **Students Sponsored by a Non-Profit Entity.** A lawfully admitted nonresident of the United States who is sponsored by a North Carolina non-profit entity is eligible for the in-state resident community college tuition rate. The student is considered to be “sponsored” by a North Carolina nonprofit entity if the student resides in North Carolina while attending the community college and the North Carolina nonprofit entity provides a signed affidavit to the community college verifying that the entity accepts financial responsibility for the student's tuition and any other required educational fees. A North Carolina nonprofit may sponsor no more than five nonresident students annually under this provision.

4. **Public School Graduates.** Any person lawfully admitted to the United States who satisfied the qualifications for assignment to a public school under North Carolina law (G.S. 115C-366) and graduated from the public school to which the student was assigned shall be eligible for the State resident community college tuition rate.

5. **Refugees.** A refugee who lawfully entered the United States and who is living in this State shall be deemed to qualify as a domiciliary of this State under G.S. 116-143.1(a)(1) and as a State resident for community college tuition purposes. While the refugee must live in North Carolina to be eligible for in-state tuition, the refugee is not required to be domiciled in North Carolina for the 12-month qualifying period.

6. **Nonresident of the United States.** A nonresident of the United States who has resided in North Carolina for a 12-month (365 days) qualifying period and has filed an immigrant petition (Forms I-130, I-360, or I-140) with the United States Citizen and Immigration Service (USCIS) shall be considered a North Carolina resident for community college tuition purposes.

7. **Federal Law Enforcement Officers.** Federal law enforcement officers, firefighters, EMS personnel, and rescue and lifesaving personnel whose permanent duty stations are within North Carolina are eligible for the State resident community college tuition rate for courses that support their organizations’ training needs. The State Board of Community Colleges must approve the courses designed to support law enforcement officers, firefighters, EMS personnel, and rescue and lifesaving personnel's training needs prior to the college awarding the State resident community college tuition rate.