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Office of the President

TO MEMBERS OF THE ACADEMIC AND STUDENT AFFAIRS COMMITTEE:

<u>DISCUSSION ITEM</u>

For Meeting of May 17, 2017

CURRENT UNIVERSITY OF CALIFORNIA POLICY ON RESIDENCY AND PLANS FOR REVIEW

EXECUTIVE SUMMARY

The University of California determines the residency status of each of its students to determine whether the student must pay Nonresident Supplemental Tuition. The two fundamental requirements for establishing California residence for tuition purposes are: 1) physical presence in the state of California for at least 366 days, and 2) the intent to make California one's permanent home. University policy on residency for tuition purposes is informed by both State and federal statutes and federal financial aid rules.

All UC students complete a Statement of Legal Residence upon their decision to accept an offer of admission to the University, and campus residence deputies use a systemwide set of guidelines to apply the Regents policy in determining residence. Students may appeal campus decisions to the Office of General Counsel at the Office of the President.

Residency policies at the University's comparison institutions are generally similar to those at the UC. The differences center on how many exceptions to the core policy are specified. In connection with the Regents' governing documents revision project, Student Affairs has begun a comprehensive review of existing policies and will return to the Board with proposed revisions in time to affect residence determinations for students admitted for the fall 2018 term.

BACKGROUND

Why a student's residency matters

The University of California, like other public universities, charges nonresident students more than it charges resident students. Nonresidents pay Nonresident Supplemental Tuition (NRST) in addition to the charges paid by resident students. The NRST charges are shown in Table 1. Beginning with students entering in Fall 2016, nonresidents are ineligible for grant awards through UC's undergraduate financial aid program.

Table 1	
2017-18 Nonresident Supplemental Tuition Levels	
Undergraduate Students	$28,014
Graduate Academic Students	$15,102
Graduate Professional Students	$12,245

The University determines whether or not to charge students NRST by determining every student's residency status. This residency status is used purely for the purpose of assessing UC tuition/fees and may not be consistent with other definitions of residency, such as for income tax purposes. For the overwhelming share of UC students, the appropriate residence status is quite clear. However, there are some students for whom that determination is not so straightforward. For these students, the specific terms of UC's residency policies and guidelines are particularly important.

This item discusses the effects of the Regents Policy on Residency, the Regents Policy on Waiver of Tuition and Fees, and UC's Residence Policy and Guidelines ("Guidelines"). The Guidelines have been developed by the Office of the President in consultation with the Office of General Counsel pursuant to the delegation set forth in Standing Order 110 to help guide campus officials in their determinations regarding individual students. This item will also include important context, including a review of State statutory language on residency.

State Law on Residency

State law provides California's public colleges and universities with a relatively broad framework for establishing the rules for residency. There are many circumstances that are not addressed directly in State statute that the public segments (University of California, California State University, and California Community Colleges) must address through their policies and guidelines. The State's basic framework is summarized in the following points:

- A resident student has been a resident of California for more than one year as of the residence determination date. [1] (Ed Code Section 68017)

- A nonresident student shall not obtain residence classification simply as a result of enrolling and attending. (Ed Code Section 68043)

- The residence of the parent with whom an unmarried, minor child resides is the residency of that unmarried minor child. (Ed Code Section 68062 (f))

- Students who are prohibited from establishing domicile in the United States – which is to say, international students – cannot establish residence. (Ed Code Section 68062 (h))

- "Independent" Students: A student who meets the following standards for financial independence can be considered for residency without regard to his/her parents:

[1] The residence determination date is typically the first day of class in an academic term.

  - The parents have not claimed the student as a federal or State tax exemption for the three years prior to reclassification and will not claim the student in the year in which the reclassification takes place
  - The student has not and will not receive any more than $750 annually in financial assistance from the parents for the year of the reclassification or the three years prior, and
  - The student has not and will not live with the parents more than six weeks in the calendar year of the reclassification or in the three prior years.

- "Self Supporting" Students: A student who has been entirely self-supporting and present in California for more than one year shall be entitled to resident classification. (Ed Code Section 68071)

- A member of the Armed Forces stationed in California or his/her dependents shall be entitled to resident classification for purposes of determining tuition and fees. If the military member is transferred outside California or retires, the student shall maintain the resident classification as long as he or she remains continuously enrolled at that institution. (Ed Code Section 68074)

- A student who has not resided in California but has a parent who has resided in California for over a year and has either 1) claimed the child as a dependent or 2) provided court-ordered support on a continuous basis shall be entitled to resident classification. (Ed Code Section 68076)

While there is more detail specified in statute under Student Residency Requirements (Ed Code Section 68000, et seq.), many issues/questions are left to the public higher education segments. Historically, California statutes have not been closely aligned with federal financial aid policy regarding how students may establish their financial independence. In contrast, UC historically sought to align its standards for financial independence for resident tuition purposes with federal financial aid standards.

Residency Rules at the University of California

Policies and practices on residency at UC are reflected in three key documents:

- Regents Policy on Residency (Attachment 1)
- Regents Policy on Waiver of Tuition and Fees (Attachment 2)
- University's Residence Policy and Guidelines (Attachment 3).

Many of the provisions of the Regents Policies link directly to State statutory provisions. The policies also serve as the foundation for the University's Residence Policy and Guidelines, a detailed document used to guide campus residence determinations.

Regents Policy: Many of the provisions of the Regents Policy on Residency (Regents Policy 3105) and Regents Policy on Waiver of Tuition and Fees (Regents Policy 3106) reflect State statutory language on residency either verbatim or in modified form. Two core components of the Regents Policy that reflect statutory provisions are the requirements that residents demonstrate both physical presence of over one year and intent to establish residency.

In addition to the provisions reflecting State statutory language, the Regents Policy includes provisions that originally aligned the standard for being independent of one's parents for residency purposes with federal standards for being independent of parents for financial aid purposes. For example, undergraduates age 24 or above, graduate students, married students, students with dependents, and veterans are all eligible for classification as California residents without regard to the residency of their parent(s). The positive result of this approach was that it avoided classifying students as independent of their parents for financial aid purposes but dependent on their parents for residency purposes.

However, since the Regents aligned UC policies with federal financial aid rules in the late 1980s or early 1990s, those rules changed. Thus, UC residence policies are no longer fully aligned with the financial aid rules, with the result that some students who are classified as independent of their parents for financial aid purposes are considered dependent on their parents for purposes of residence and vice versa.

Regents Policy 3106: Policy on Waiver of Tuition and Fees includes additional provisions governing residency. Among other things, this policy establishes that full-time UC employees (and their dependents) assigned to work outside California and employees (and their dependents) of the limited liability companies holding the contract for the management of the Los Alamos National Laboratory and the Lawrence Livermore National Laboratory are considered California residents for tuition purposes.

One significant provision of UC policy does not align with State statutes and no longer aligns with federal financial aid policy: the requirement that students document that they have been self-supporting for two years in order to establish residency independent of their parents. When this requirement was instituted, it aligned with the federal, two-year standard for establishing independence for financial aid purposes. There is no longer a federal financial aid standard for establishing independent status through self-support, and the State standard is one year rather than two. Thus, UC and State policies on self-supporting status for residency purposes are not aligned, and there is no longer a corresponding federal standard. Further, while UC policy is aligned with an outdated federal standard for establishing independent status, the current federal standards could help some students – such as those who are homeless or at risk of being homeless – whose situations are not addressed in current State statute or UC policy.

Residence Policy and Guidelines: The UC Residence Policy and Guidelines implement the Regents Policies and serve as a guide to the campus residence deputies, who are charged with determining the residency of each UC student consistent with the Regents Policy on Residency and the Regents Policy on Waiver of Tuition and Fees. The detail included in the Guidelines reflects the complexity of situations that the residence deputies regularly confront. The goal for the Guidelines is to provide UC campuses with a tool that addresses many different circumstances while also assuring that campuses are consistent in their application of the Regents Policies.

Residence Process from a Student Perspective

The process of assigning residency status begins with the admissions process. The undergraduate admissions application administered by UCOP on behalf of all the campuses includes a series of questions that allow for a preliminary determination of a student's residency status. Graduate admissions applications similarly collect basic information that can inform a residency determination.

Once students are admitted and submit a Statement of Intent to Register, they are then asked to complete a Statement of Legal Residence (SLR). This is typically two pages of questions (when in paper form) and includes questions about students' and their parents' physical presence in California, military service, and various indicia of intent to remain in California. In a limited number of cases, the residence deputies follow up with requests for supplemental documentation that would inform their decision on residency. The SLR results in only a small share of students having their residency status revised from that used at the time of admission. As a result of the SLR process, there is typically a net decline of about 0.5 percent in the share of undergraduate students who are classified as California residents.

If an applicant either 1) believes UC made an error that, if corrected, would result in a reclassification as a resident, or 2) has received significant new information that became available after the campus decision classifying the student as a nonresident, then the applicant can appeal the decision to the Office of General Counsel at the Office of the President. The Office of General Counsel receives over 300 appeals annually. Between five and ten percent of appeals are successful.

If there is no error, but a student believes that he or she will qualify for residency in a subsequent term, then a student can resubmit an SLR to the campus. For example, if a student will have been in California a year and a day mid-way through an academic year, he or she could qualify for resident status in winter or spring quarter or semester.

Students and their families can learn about the requirements for residence at the UCOP website dedicated to residency.

Challenges for Transfer Students

Campuses report instances when students are classified as resident students at California community colleges but, upon transfer, are classified as nonresident students. This may result from differences between UC and community college policies and/or from greater reliance on unverified student self reports at some community colleges. The policy review will evaluate whether changes in UC policy are required in order to fulfill the University's goals related to community college transfer students.

Governing Documents Revision Project

The Secretary's Office and Office of General Counsel are leading a comprehensive review of the Regents Standing Orders and Regents Policies as the second phase of the Governance Project initiatied by the Board and the Office of the President.

As a part of this effort, staff plan to:

- evaluate policies of other comparison institutions,
- consider the policy and financial effects of greater alignment with federal financial aid policies and/or State statutes,
- consider the impact of possible policy changes on other important University goals (including, for example, transfer admissions) and
- report back to the Board with recommended policy changes for consideration.

The goal is to complete this work in time to affect residence determinations for students admitted for the fall 2018 term.

Residence Policies at Other Public Institutions

All public universities determine residency for purposes of assessing tuition and fees. In examining the policies of UC's public comparison institutions and flagship institutions in neighboring states, it is clear that universities share many common rules and approaches to determining residency.

The universities examined here share the two core requirements that residency be documented by a combination of physical presence and intent. Further, the standard for physical presence is consistently one year as of a specified date (typically the first day of the term), and intent has to be documented by objective measures that commonly include actions such as paying State taxes, registering to vote, obtaining a driver's license, registering a vehicle, and establishing housing.

For dependent undergraduates, the standards for residence are generally applied to the students' parents. Universities typically have an age under which all undergraduates' residency is linked to that of their parents unless students meet the institutional standard for establishing independent status. That age is typically past that of a traditional college student and is generally in the 23 to 26 age range.

Standards for establishing independent status vary by institution, as shown in Table 2 below. Some institutions focus on the resources that the student has, while others focus on whether the student has been claimed as a dependent by parents (or others) for federal and State income tax purposes.

Table 2

Standards for Establishing Independent Status for Residency Purposes

	Standard for Independent Status if Under Specified Age	Age Above Which Independent
University of California	• Two years of total financial independence • Veteran • Ward of the court or deceased parents • Have legal dependents other than spouse • Married • Graduate Student	24
University of Virginia	Convincing evidence that student is financially self-sufficient	24
University of Michigan	Demonstration that student has been financially self-supporting through employment	24
SUNY Buffalo	Income equal to or exceeding all educational expenses, including those associated with non-university housing	23
University of Illinois	One calendar year of financial independence with Illinois employment that would cover more than half of the total cost of attendance.	Not Specified
University of Oregon	Not claimed as a dependent in preceding tax year and has not received more than half support in prior calendar year from others	26
University of Washington	Financially independent for current and prior year	24

Questions for Discussion

As described earlier in this item, staff plan to examine the Regents Policy on Residency and bring a draft set of revisions in time to affect residence determinations for students admitted for the fall 2018 term. The following questions reflect important components of the planned policy review. We welcome input on or additions to these questions to give us direction for the policy review:

- What are the implications of instituting a one-year standard for establishing financial independence for residence purposes rather than the current two-year standard?
- What methods could the University consider in order to provide more definitive residence determinations at an earlier stage in the admissions process?

Attachments:

Attachment 1: Regents Policy 3105: Policy on Residency

Attachment 2: Regents Policy 3106: Policy on Waiver of Tuition and Fees

Attachment 3: University of California Residence Policy and Guidelines