



# **Non-Resident Student Review and Findings**

**Final Report  
June 2015**

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## I. INTRODUCTION

Pursuant to District of Columbia Official Code (“DC Code”) §38-312.03, the Office of the State Superintendent of Education (OSSE) hereby provides the Mayor and Council with a report on the status of residency fraud investigations and the collection of non-resident tuition through school year 2014-2015.

DC residents are entitled to attend DC public schools and DC public charter schools tuition-free. Non-residents may attend DC public and charter schools if no DC residents are on the school’s waitlist and the non-resident student pays tuition. Residency fraud occurs when any person, including any official of a DC public school or public charter school, knowingly supplies false information to a public official in connection with a student’s residency verification. Residency fraud may involve the alteration of residency documentation, or it may involve the inappropriate use of a DC resident’s address by a non-DC resident for the purpose of attending a DC school. OSSE identifies non-residents through the following two methods: the residency fraud program and the annual enrollment audit. The process and results of each of these methods is discussed in sections II and III that follow.

## II. IDENTIFICATION OF NON-RESIDENTS THROUGH THE RESIDENCY FRAUD PROGRAM

OSSE’s Office of Enrollment & Residency oversees the Residency Fraud Program, which administers the residency fraud hotline and investigates non-residency allegations received from local education agencies (LEAs) and the public via OSSE’s hotline or directly other sources. OSSE’s current residency investigation process for allegations received directly or through the hotline is as follows:

- Step 1:** OSSE receives tip of non-residency allegation through:
- Residency Fraud Prevention Hotline (202-719-6500);
  - Residency Fraud Prevention Online Submission Form, which is available online at <http://dcforms.dc.gov/webform/osse-residency-fraud-prevention-form>;
  - Partner agencies investigating individuals for other fraud matters (*e.g.*, Food Stamps and Medicaid fraud) or sharing complaints received from the public relating to student residency fraud; and
  - Other sources such as the mail, email, or in-person communications with OSSE residency fraud staff.
- Step 2:** If OSSE receives a tip of non-residency allegation for a student enrolled in District of Columbia Public Schools (DCPS), OSSE forwards the tip to DCPS for resolution through its investigation process. For a short period during SY 2014-2015, OSSE investigated residency fraud tips received for DCPS students. Beginning in April 2015, to prevent the duplication of efforts between OSSE and DCPS’ residency investigation units and ensure overall consistency in the process for DCPS students, OSSE determined all tips received by OSSE related to students enrolled in DCPS would be forwarded to DCPS for resolution.
- Step 3:** OSSE requests residency verification and enrollment forms from the LEA for internal review.
- Step 4:** OSSE sends residency case to a third-party private investigator. Investigations

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consist of surveillance and database research of parental/caregiver information. Through the investigation, OSSE may be given such information as a parent's/caregiver's mortgage records, history of past and current addresses, lien records, criminal records, driver's license information, vehicle registration information, etc. The private investigator provides OSSE with a residency recommendation based on the information obtained, which OSSE considers when making a preliminary finding regarding the student's residency status.

- Step 5:** If OSSE makes a preliminary non-resident finding, OSSE will notify the parent or caregiver of record in writing requesting retroactive tuition (up to three years) and notifying the parent or caregiver of his/her right to challenge the preliminary non-resident finding and tuition assessment through an administrative review process. Furthermore, the written notice explains that parents are entitled to review all residency investigation documentation that was considered when making the non-residency finding. OSSE's notice to the parent or caregiver is entitled "*Advance Written Notice of Proposed Unenrollment and/or Tuition Assessment based on Nonresident Finding.*"
- Step 6:** If a parent or caregiver responsible for the student fails to request an administrative review of the preliminary finding by the deadline listed in OSSE's notice, OSSE's preliminary non-resident finding becomes the final administrative decision on the student's residency status. Note that while the residency investigation and administrative review processes take place and the final administrative decision is pending, the student at issue is allowed to continue to attend school without prepayment of tuition.
- Step 7:** If a parent or caregiver responsible for the student requests an administrative review of the preliminary finding by the deadline listed in OSSE's notice, OSSE refers the request to OSSE's Office of Dispute Resolution to conduct the administrative review.
- As part of the review process, parents are given the option to attend mediation with OSSE, where an independent mediator through the Office of Dispute Resolution assists the parties in analyzing the case and the parent or caregiver is allowed to provide additional information that he/she believes OSSE should consider.
  - If the mediation process does not resolve the case, an independent hearing officer through the Office of Dispute Resolution is assigned to conduct an administrative hearing and issue the final administrative decision on the student's residency status and the amount of tuition owed to the District.
- Step 8:** Pursuant to DC Code § 38-312, if there is any evidence that an individual has knowingly supplied false information in connection with student residency verification, the matter may be referred to the DC Office of the Attorney General for consideration for prosecution pursuant to the False Claims Act and for collection of retroactive tuition.
- Step 9:** If a final administrative decision is issued deeming the student a nonresident, OSSE advises the relevant LEA to withdraw the student as soon as the determination is

made and begins the process of retroactive tuition collection.

**FINDINGS**

As of May 20, 2015, 88 tips were received and 70 investigations were conducted during the 2014-2015 school year. The majority of those tips were received from the Residency Fraud Prevention Hotline and the online submission form (see Appendix I for additional information on tips received). Some tips were not investigated for various reasons as displayed in Figure 1 below.

**Figure 1: Tips not investigated**

| <b>Reason Tips Not Investigated</b>  | <b>No. of Tips Not Investigated</b> |
|--|-------------------------------------|
| Tips were for students that had McKinney-Vento homeless student forms on file  | 6                                   |
| Tips were sent directly to District of Columbia Public Schools (DCPS) without OSSE investigation   | 8                                   |
| Tips were for students who either did not appear in DC's educational databases or who could not be identified based on the limited information provided in the tip | 3                                   |
| Tip was in reference to Child and Family Services Agency issue, not residency fraud issue  | 1                                   |
| <b>TOTAL</b>   | <b>18</b>                           |

OSSE received more residency fraud tips in school year 2014-2015 as compared to 2013-2014. A total of 88 tips were received in this year which represents an increase of 50 from the 38 received in 2013-2014. Additional information on the distribution of these investigations by LEA is provided in Figure 2 below.

In an effort to increase residency fraud awareness and to expand internal controls, OSSE hired a full-time residency fraud investigator. The increase of residency fraud tips may reflect increased awareness of the process among LEAs and the public.

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**Figure 2: Residency Fraud Investigation (Case) Information by LEA**

| LEA  | No. of Cases     | No. of Open Cases | No. of Closed Cases | No. of Cases Determined to be Residency Fraud | No. of cases that were assessed fines of retroactive tuition | Amount of fines and retroactive tuition charges imposed | Amount of fines and retroactive tuition collected |
|--|------------------|-------------------|---------------------|---|--|---|---|
| Achievement Prep PCS                       | <u>1</u>         | 0                 | 1                   | 0   | 0  | 0   | 0   |
| Bridges PCS                                | <u>1</u>         | 1                 | 0                   | 0   | 0  | 0   | 0   |
| Center City PCS                            | <u>1</u>         | 1                 | 0                   | 0   | 0  | 0   | 0   |
| DC Bilingual PCS                           | <u>2</u>         | 1                 | 1                   | 0   | 0  | 0   | 0   |
| DC Preparatory PCS                         | <u>16</u>        | 7                 | 9                   | 2 (siblings)                                  | 2 (siblings)   | \$15,006  | \$3,000   |
| District of Columbia Public Schools (DCPS) | <u>12*</u>       | 2                 | 10                  | 0   | 0  | 0   | 0   |
| Democracy Prep PCS                         | <u>3</u>         | 1                 | 2                   | 0   | 0  | 0   | 0   |
| E.L. Haynes PCS                            | <u>1</u>         | 0                 | 1                   | 0   | 0  | 0   | 0   |
| E.W. Stokes PCS                            | <u>8</u>         | 6                 | 2                   | 0   | 0  | 0   | 0   |
| Eagle Academy PCS                          | <u>3</u>         | 3                 | 0                   | 0   | 0  | 0   | 0   |
| Friendship PCS                             | <u>5</u>         | 3                 | 2                   | 0   | 0  | 0   | 0   |
| Ideal PCS                                  | <u>1</u>         | 1                 | 0                   | 0   | 0  | 0   | 0   |
| KIPP PCS                                   | <u>3</u>         | 0                 | 1                   | 0   | 0  | 0   | 0   |
| Lighthouse PCS                             | <u>1</u>         | 0                 | 1                   | 0   | 0  | 0   | 0   |
| Maya Angelou PCS                           | <u>1</u>         | 0                 | 1                   | 0   | 0  | 0   | 0   |
| Meridian PCS                               | <u>1</u>         | 0                 | 1                   | 0   | 0  | 0   | 0   |
| Mundo Verde PCS                            | <u>2</u>         | 0                 | 2                   | 0   | 0  | 0   | 0   |
| Potomac Prep PCS                           | <u>1</u>         | 0                 | 1                   | 0   | 0  | 0   | 0   |
| Thurgood Marshall PCS                      | <u>3</u>         | 2                 | 1                   | 0   | 0  | 0   | 0   |
| Tree of Life PCS                           | <u>1</u>         | 1                 | 0                   | 0   | 0  | 0   | 0   |
| Two Rivers PCS                             | <u>2</u>         | 1                 | 1                   | 0   | 0  | 0   | 0   |
| Non-public                                 | <u>1**</u>       | 0                 | 1                   | 0   | 0  | 0   | 0   |
| <b>TOTAL</b>                               | <b><u>70</u></b> | <b>32</b>         | <b>38</b>           | <b>2</b>                                      | <b>2</b>   | <b>\$15,006</b>   | <b>\$3,000</b>                                    |

\*4 DCPS cases were unknowingly investigated by DCPS and OSSE simultaneously. Those cases were referred to DCPS for completion.

\*\*1 non-public case was unknowingly investigated by DCPS and OSSE simultaneously. This case was referred to DCPS for completion because DCPS is the LEA of record.

At this time, 38 cases are closed and 32 cases are currently open. Open cases are either still under active investigation or in the administrative review process. Cases are closed for a number of reasons, as displayed in Figure 3 below.

**Figure 3: School Year 2014-2015 Closed Cases**

| <b>Reason for OSSE-Office of Enrollment and Residency Closing Case</b>   | <b>No. of Students</b> |
|--|------------------------|
| Student was found to be resident   | 23                     |
| Student was found to be homeless   | 5                      |
| Simultaneous investigation by DCPS<br>(Closed at OSSE; referred to DCPS for completion and to undergo that agency's residency finding and administrative review process)   | 4                      |
| Investigation deemed inconclusive based on evidence<br>(As follow-up on these cases, during the school year 2015-2016 enrollment audit, the independent auditors will ask for 100% of the documentation for these students.) | 3                      |
| Referred to Office of the Attorney General after parent failed to request administrative review  | 1                      |
| <b>TOTAL</b>   | <b>38</b>              |

As displayed in figure 2 above, two students were ultimately assessed tuition as a result of a residency fraud investigation for 2014-2015, totaling \$15,006.00. Thus far, \$3,000.00 has been collected through monthly installments. In 2013-2014, OSSE collected \$32,217.00 across five residency fraud cases. Three of the cases without outstanding payments have been referred to DC's Office of the Attorney General.

### **III. IDENTIFICATION OF NON-RESIDENTS THROUGH THE ENROLLMENT AUDIT**

Pursuant to DC Code §38-1804.02(b), OSSE is responsible for calculating student enrollment no later than October 5 of each school year. The 2014-2015 audit was conducted by F.S. Taylor & Associates (F.S. Taylor), and concluded with a final report issued on January 31, 2015.

The enrollment audit process also serves as a means for OSSE to verify student residency and identify possible student residency fraud. To verify the status of students identified as non-residents in the enrollment audit, OSSE took the following steps:

- Step 1:** In February 2015, OSSE provided LEAs and community-based organizations<sup>1</sup> with the names of non-verified students enrolled in their schools, and requested all residency verification documentation on file for these students.
- Step 2:** If the document on file was not legally sufficient or adequate<sup>2</sup>, OSSE required

<sup>1</sup> Community-based organizations were included in the Enrollment Audit for the first time in 2014-2015 for students aged 0-5 years.

<sup>2</sup> Documentation is "adequate" if it satisfies the requirements of DC Code § 38-309. In some cases, parents, guardians or students provided adequate residency verification documentation to their schools; however, they did not provide a completed Residency Verification Form. In other cases, the photocopied residency verification documents were unreadable, i.e. too dark or illegible for the auditors.

LEAs to re-request residency verification documents from the parents or caregivers of these students, or from adult students directly, and re-submit them to OSSE by March 25, 2015.

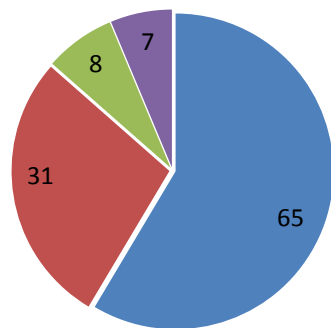
- Step 3:** If the proper documentation was not provided to OSSE, the students were referred to OSSE’s Residency Fraud Unit for further exploration. Referral to OSSE’s Residency Fraud Unit includes:
- Mailing “Advance Written Notice of Proposed Unenrollment and/or Tuition Assessment based on Nonresident Finding” letters to the parents or caregivers.
  - Making follow-up calls to these students’ families to explain options available:
    - Request an administrative review of the student’s contested residency; or
    - Withdraw from the DC public school or public charter school and pay a prorated amount of tuition equal to their time spent at the school.
- Step 4:** If parents or caregivers did not request an administrative review by OSSE, the preliminary determination becomes a final determination.
- Step 5:** If residency was not confirmed through OSSE’s internal review, the students are referred to the Office of the Attorney General for legal action and receive a “Notice of Final Determination of Non-residency, Un-enrollment and Tuition Assessment” letter. Pursuant to DC Code 38-312, if there is any evidence that an individual has knowingly supplied false information in connection with student residency verification, the matter will be referred to the Office of the Attorney General for consideration for prosecution pursuant to the False Claims Act and for collection of retroactive tuition.

**FINDINGS**

The 2014-2015 audit revealed 111 students who had not verified DC residency by the time of the audit (i.e., “non-verified students”). Figure 4 below reflects the current residency verification status of those 111 students.

**Figure 4: Non-verified students as of May 2015**

**Non-Verified Students (111 students)**



- 65 Students Cleared: Residency verification documentation submitted to OSSE during follow up correspondence.
- 31 Students Withdrawn: LEA informed OSSE that student has withdrawn from school
- 8 Students Cleared OSSE's Preliminary Investigation and determined as residents
- 7 Students Determined Non-Residents and cases forwarded to DC OAG

Through the review process, OSSE resolved approximately 94 percent of the cases. In other words, 104 of the 111 students that were identified during the enrollment audit were cleared of residency verification for 2014-2015. OSSE's preliminary non-residency determination will become the final determination for the remaining seven (7) students referenced above. Parents will receive a *Notice of Final Determination of Nonresidency, Unenrollment and Tuition Assessment* letter for notification and the matter will be referred to the DC Office of the Attorney General for legal action.

## **V. NEXT STEPS/RECOMMENDATIONS**

OSSE will continue to investigate residency fraud tips from LEAs and community stakeholders. In addition, OSSE will continue to forward any tips received for students attending DCPS directly to DCPS for resolution through its investigation process. The following steps are being taken to improve the process for confirming and investigating student residency status and non-resident tuition collection.

**Expand Residency Fraud Campaign:** OSSE will continue to communicate the residency fraud investigation process to LEAs and other stakeholders. OSSE will expand the residency fraud public campaign during the summer of 2015 by:

- Disseminating residency fraud information to the public via the Washington Metropolitan Area Transit Authority (WMATA).
- Developing a residency fraud brochure containing residency fraud information for the public, parents, and schools.
- Providing technical assistance and resources (*e.g.*, residency fraud posters) to LEAs.

**Enrollment Training:** OSSE will increase on-site technical assistance and differentiated training to all LEAs via webinar presentations and face-to-face meetings. OSSE is also working with specific LEAs to provide one-on-one training and assistance to improve the collection, review and approval of residency verification documentation. During these trainings and technical assistance sessions, OSSE will encourage schools to follow up with parents or guardians regularly before the audit deadline, to ensure adequate documentation is received for every DC resident student.

**Technical Assistance:** OSSE will work to offer one-on-one technical support to LEAs to support their residency verification, particularly for LEA leaders and administrator with a substantial amount of non-residents identified after the annual audit.

**Data Verification:** OSSE will maintain accurate and up-to-date student withdrawal and transfer records in the DC Statewide Longitudinal Education Data (SLED) system.

**Proposed Residency Verification Regulations:** OSSE will continue to move forward with the regulatory process to update to Chapter 50 and 51 of Title 5-A of the DC Municipal Regulations, Residency Verification regulations, to clarify policies and procedures required to ensure District residents have access to available space at local schools, and that, when extra space is available, non-resident students enrolled in a DC public school pay non-resident tuition. The proposed rules include amendments which will:

- Clarify DC residents' priority over non-residents (with the inclusion of a "grandfather clause");
- Permit OSSE to withhold a portion of subsequent LEA funding for previously distributed non-resident tuition until OSSE receives non-resident tuition payment; and
- Clarify the definition of 'Other Primary Caregiver' and the documentation necessary for establishing this status.