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ABSTRACT

Legislation lowering the legal age of majority and decisions of U. S. courts in recent cases involving student residency are having reverberating effects upon postsecondary education throughout the nation. This document reviews the policies and means of Southern institutions for dealing with the admission of nonresident students and calls attention to reciprocity arrangements and other forms of cooperation that can lead to greater sharing of regional resources, greater cost efficiency and improved access to educational programs. (MJM)

The Out-of-State Student and Regional Cooperation

Legislation lowering the legal age of majority and decisions of United States courts in recent cases involving student residency are having reverberating effects upon postsecondary education throughout the nation. On one hand, Supreme Court actions of 1973 have upheld the principle of non-resident fees. On the other, these actions have made it easier for students classified as non-residents to establish residency. By upholding the constitutionality of non-resident fees but in effect liberalizing opportunity for residency reclassification, the courts have added new dimensions to old debates regarding student migration. This edition of *Issues in Higher Education* will review policies and means of Southern institutions for dealing with the admission of non-resident students, and call attention to reciprocity arrangements and other forms of cooperation which can lead to greater sharing of regional resources, greater cost efficiency, and improved access to educational programs.

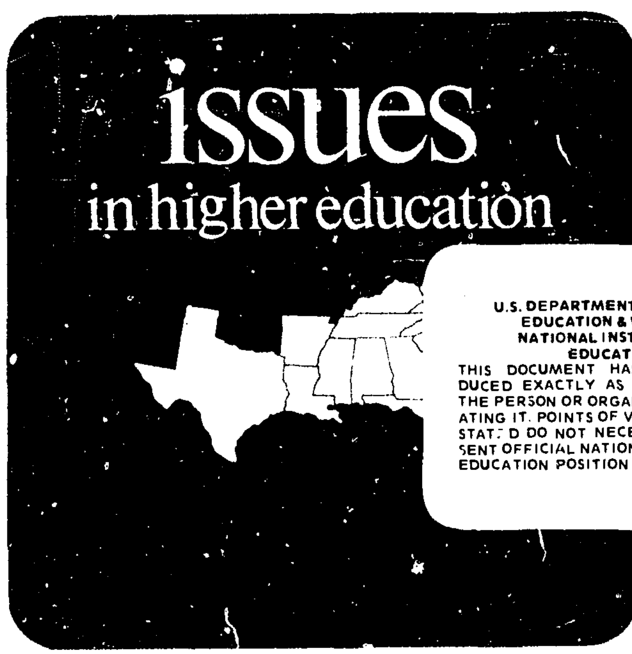
Current Practices Regarding Student Migration

In 1972, some 450,000 students attended public colleges or universities in states other than the ones in which they had graduated from high school. This compares with approximately 444,000 out-migrants to public four-year institutions in 1968. When the growth of overall higher education enrollments is considered, this figure reflects a declining percentage, nationally, of non-resident student enrollees.

Within the Southern region, non-resident enrollments in four-year institutions belonging to the National Association of State Universities and Land Grant Colleges (NASULGC) and the American Association of State Colleges and Universities (AASCU) dropped from 136,619 (14.1%) in 1968 to an estimated 130,000 (10.7%) in 1971. These institutions account for over 90% of the student migration at publicly supported institutions in the region.

At least some of the decrease in non-resident enrollments in the nation and in the South results from barriers to the interstate flow of students, such as out-of-state fees, the utilization of quota systems and the application of higher admission standards for non-residents than for residents. Whether for the purpose of raising revenues from increased non-resident fees, pressure to control the influx of non-residents or other factors, a trend of both institutions and legislatures has been to "take care of one's own first." An attendant, often unrealized, problem is that in an increasingly mobile society, identifying "one's own" is becoming more and more difficult.

Recent legislative actions lowering the age of majority to 18 have been associated with widespread speculation that the entire concept of a non-resident fee may be unconstitutional. The Supreme Court of the United States did on June 11, 1973, declare unconstitutional a Connecticut statute which barred students from being reclassified as residents, once registered as non-residents. However, the Court did *not* question Connecticut's right to collect a non-resident fee. Furthermore, on December 3, 1973, by refusing to review the decision of a lower court, the Supreme Court upheld a *one-year durational requirement* for residency status in the public colleges and universities of Washington.



Increased non-resident fees represent a potential drain upon federal financial aid funds which might otherwise aid students. . .

Restriction Vs. Free Access

As, in effect, provisions for establishment of residency are eased, interest in limiting the number of out-of-state students could conceivably intensify. Should additional barriers to non-residents be erected in response to the rulings of the Supreme Court, students' freedom to choose opportunities across state lines would be reduced and the degree to which state systems complement each other would accordingly be lessened. Should quota systems or differential admission standards be barred by the courts, there is also the threat that states might phase out valuable but expensive programs which enjoy high out-of-state demand. In either case, higher educational opportunity, quality, and breadth of programs would all be jeopardized.

Restrictive practices controlling the in-flow of non-resident students are sometimes supported by the contention that out-of-state students should not occupy space needed by resident students and that over-burdened taxpayers should not support the education of students from other states which may fail to provide adequate opportunities for their own residents.

The addition of new, and the expansion of existing, campuses combined with the current slackening of higher education enrollments, makes the first argument less persuasive. While all states both give and receive students, the Carnegie Commission on Higher Education supports the second argument by noting that per capita expenditures for higher education by states that heavily export students are less than half the average per capita expenditures for the net importer states. But in the South this relationship does not appear to hold; Maryland, for example—the heaviest exporter state—exceeds the U.S. average in expenditures.

Institutions can still differentiate between residents and non-residents, and states can still regulate the interstate flow of students. Whether or not there *should* be barriers to the free flow of students across state lines or just how high the barriers—if any—should be, continues to be debated.

Proponents of lowered non-resident barriers point out that such barriers act as artificial tariffs. In the absence of scholarship funds for able non-residents, they restrict, on the basis of income rather than academic ability, the opportunity to choose educational programs outside one's home state. Proponents of restrictive admissions policies must recognize that general application of such policies reduces freedom of choice by residents of all states.

Ironically, many states vigorously campaign to attract industry from other parts of the country, but the people who accompany the movement of industry are often discriminated against through classification as non-residents for educational purposes.

Non-resident students are eligible for federal support under the College Work Study, National Defense Student Loan and Educational Opportunity Grants programs. Thus high or increased non-resident fees represent a potential drain upon federal financial aid funds which might otherwise aid students in meeting their educational costs.

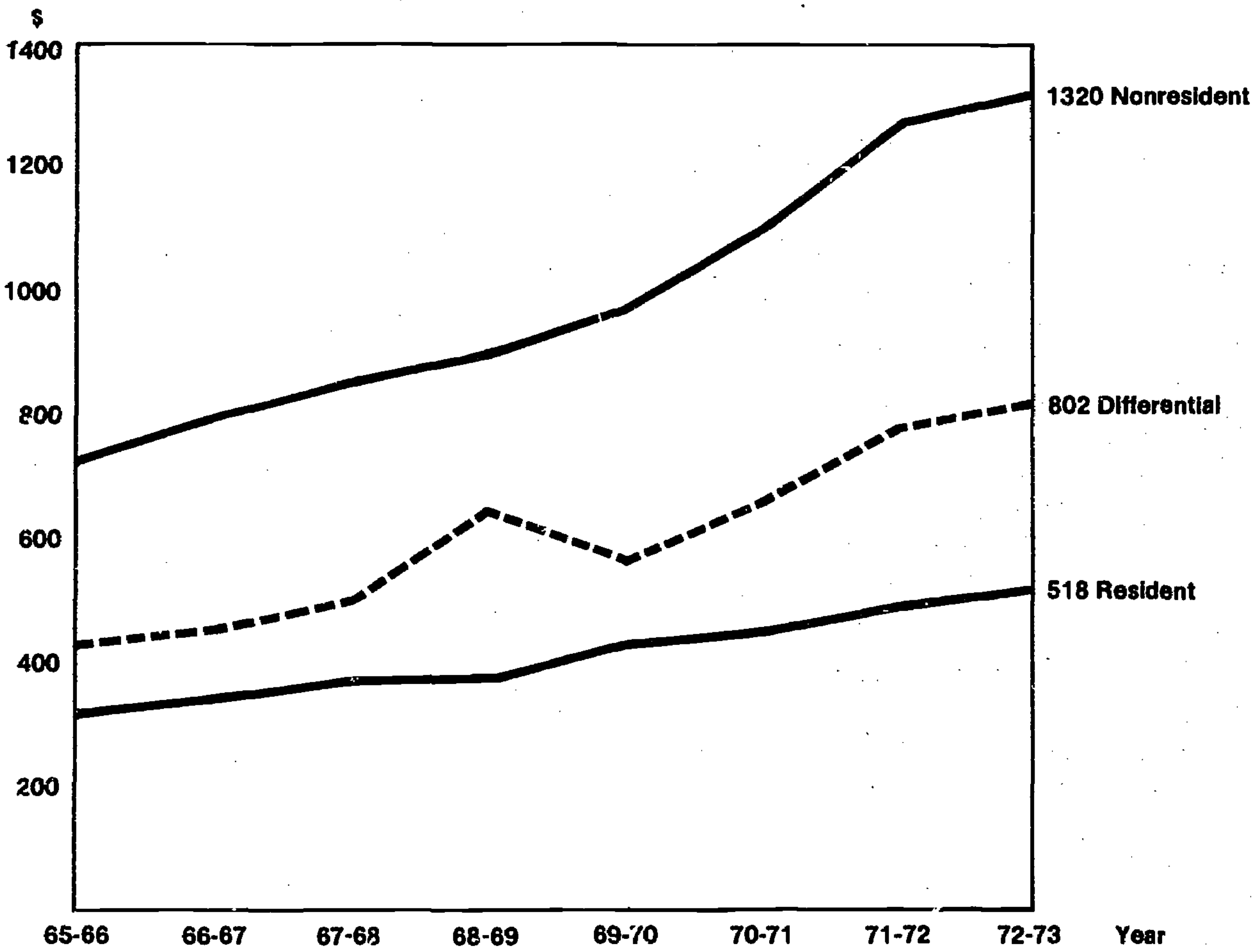
Proponents of lowered barriers contend that out-of-state students contribute to the diversity of the student body and thereby enhance the academic and extra-curricular environment of the campus. Their spending contributes to the local economy, and many remain in the state after completing their programs. A recent study in Pennsylvania found that 72% of the 1971-72 baccalaureate degree recipients stayed in the state for employment. Almost half remained in the immediate vicinity of the institution from which they graduated.

Tuition and Fees

Perhaps foremost among the barriers to free flow of students across state lines has been the rapid increase in both resident tuition and non-resident fees at four-year institutions (Figure 1) for the period 1965-66 and 1972-73.

In 1972-73, the median non-resident tuition differential was $802 for the nation and ranged from $480 at Alabama A&M to $2,535 at the University of Vermont. Nowhere—with the exception of Auburn University and some predominantly black land-grant colleges in the South—was the differential between resident and non-resident tuition less than $500 per academic year. The amount of the out-of-state fee differential varies considerably from state to state, leaving some states open to the charge that they are exporting students to states charging less for out-of-state students, while in effect themselves refusing to accept out-of-staters by assessing steep non-resident fees.

Figure 1
State and National Land-Grant Universities'
Median Tuition Charges for 8-Year Period, 1965-66 to 1972-73



Source: Robert F. Carbone **Students and State Borders:** American College Testing Program, 1973, p. 20.

A rationale for the setting of non-resident tuition was offered by about two-thirds (65%) of NASULGC institutions responding to a 1970 survey. Thirty institutions indicated that non-resident tuition and fees were intended to cover a fixed percentage of the cost of instruction, while 20 institutions indicated that non-resident tuition was set with the intention of recovering the total cost of instruction. Seven institutions consulted with other institutions and states, while other respondents indicated that rates were set arbitrarily. Some institutions indicated that non-resident fees were set at three or four times resident rates, while one institution indicated that the non-resident fee was set to equal the state appropriation for each resident student.

Quotas and Admission Restrictions

Apart from the effects of increased tuition, decreases in non-resident enrollment have been brought about by the use of various quota systems employed by about 40% of the nation's large state universities and land-grant colleges and about 60% of the nation's regional universities and state colleges. In addition, about 75% of the nation's state colleges and universities apply higher admission standards for non-residents than for in-state students.

Nationally, quotas in the range of 10% to 33% have been placed upon out-of-state freshman enrollments, 5% to 45% for all out-of-state *undergraduate students*, and 5% to 30% for *total out-of-state* enrollment. In

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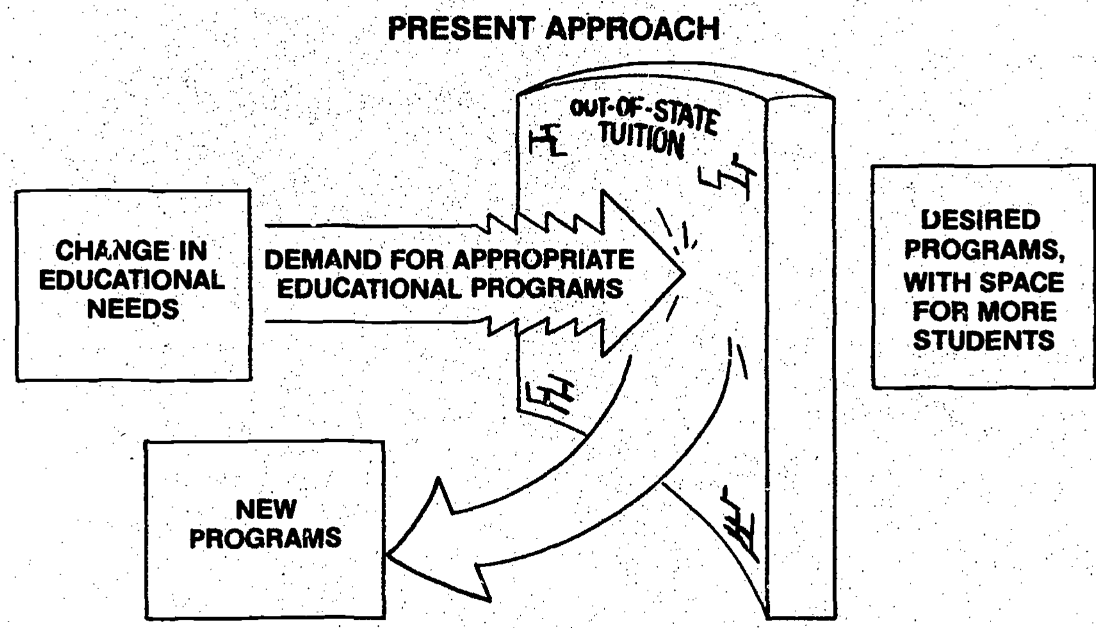

addition, limitations have been placed by some institutions upon the enrollment of foreign students. Other institutions have set numerical quotas on the total number of non-resident enrollees permissible. Only five of 78 NASULGC respondents indicated diversity among the students enrolled as an objective of their admissions policies.

Within the SREB region, interest in the control of non-resident enrollments is evident in the following actions: *University of Kentucky*—limits imposed in 1970 set quota of 20% non-residents in freshman class and 15% of total undergraduate enrollment; *University of Maryland*—reduced 20% non-resident quota to 15% in 1971-72 and to 10% in 1972-73; *West Virginia University*—new quota limited freshman class to 25% non-residents.

In addition, the University of Virginia in effect decided to decrease the percentage of out-of-state students by limiting entering out-of-state students each year to the number of non-residents who entered in Fall, 1972 (1,465). Thus, as the institution grows, the percentage of out-of-state students will drop from the level of 34% prevailing in 1972.

EXPANDING OPPORTUNITIES THROUGH INTERSTATE COOPERATION

The Carnegie Commission has recommended that states should take fuller advantage of, and expand, already existing programs promoting the interstate mobility of students. Specifically, it is recommended that:

> states enter into reciprocity agreements for the exchange of both undergraduate and graduate students in those situations where the educational system of each of the states will be enhanced by such an exchange agreement.

The regional compact agencies have for a number of years served as vehicles for exchange of professional, as well as graduate and undergraduate students through a variety of arrangements, including contracts for services, student aid contracts and various memoranda of agreement.

To date the only comprehensive reciprocity agreement in effect between pairs of states is in Minnesota and Wisconsin. Initiated several years ago on a limited

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basis covering only undergraduate students living near state borders, the present agreement for the academic year 1973-74 sets no numerical or geographic limits on the number of undergraduate, graduate and professional students who can cross the border to attend public institutions in the other state at in-state rates.

Under the agreement, approximately 1,800 Minnesota students are expected to attend Wisconsin institutions while about 900 students are expected to head west to Minnesota.

SREB Activities

The SREB Academic Common Market which is currently being established provides a mechanism for the more effective utilization of programs on a regional or multi-state basis. Rather than involving total reciprocity like the Minnesota-Wisconsin agreement, it is initially restricted to graduate programs. Figure 2 suggests that as educational needs in a particular state change, demands develop for new programs to meet these needs. Often identical programs are already in existence in nearby states and frequently can accommodate additional students at little extra cost. But high out-of-state tuition discourages movement of students across state lines and eventually the state establishes its own programs. The result—new programs duplicating those in nearby states which are operating below optimum enrollment levels.

The SREB Common Market offers an alternative. By state arrangements for exchange of students in specific programs, students will have readier access to them. As a result, much of the pressure for duplicating programs will be eliminated. Cost per student will be lowered through better use of existing programs. Additional educational opportunities will be created without the addition of new programs. And, with barriers to out-of-state programs eliminated, the case for retaining underproductive and high cost programs will be weakened, thus opening the possibility of phasing them out.

COMMON MARKET APPROACH

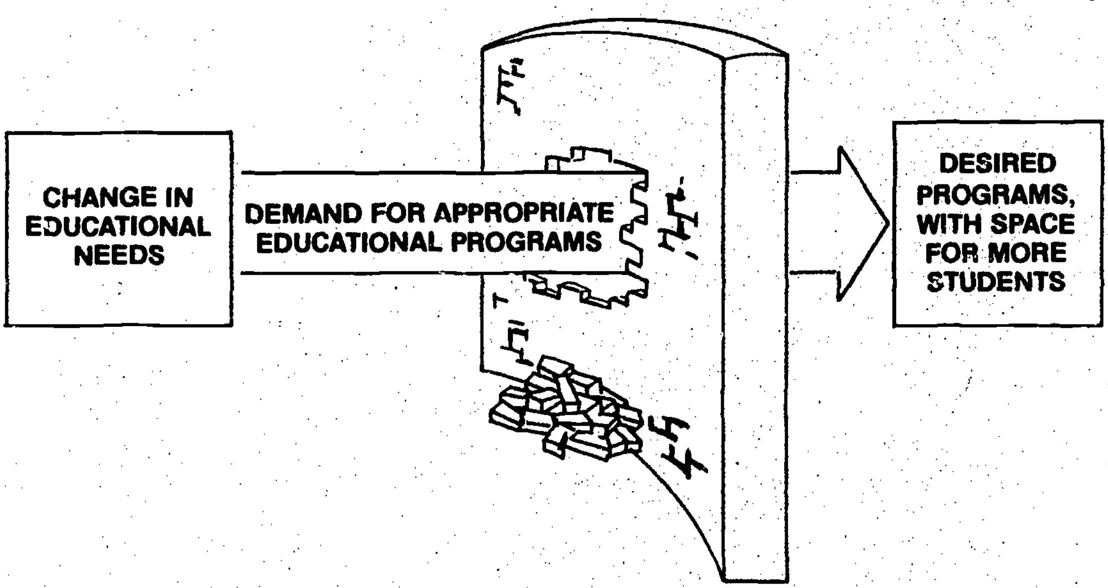

Table I

Estimated Fall, 1971 Net Non-Resident First-Year Student and Net Potential Dollar Exchanges in Public Four-Year and Two-Year Institutions Within SREB Region

	Net Exchanges of First-Year Non-Residents from Region		**Effect of Uniform Regional Non-Resident Fee**
	Net Students	Net Dollars	
Alabama	**+ 388**	**− $222,000**	**+ $586,000**
Arkansas	**− 917**	**− 748,000**	**+ 161,000**
Florida	**− 2,267**	**− 892,000**	**− 431,000**
Georgia	**+ 1,322**	**+ 333,000**	**+ 597,000**
Kentucky	**− 454**	**− 351,000**	**+ 68,000**
Louisiana	**+ 206**	**− 34,000**	**+ 171,000**
Maryland	**− 1,138**	**− 788,000**	**+ 92,000**
Mississippi	**+ 836**	**+ 414,000**	**+ 192,000**
North Carolina	**+ 984**	**+ 1,517,000**	**− 690,000**
South Carolina	**− 410**	**− 230,000**	**+ 54,000**
Tennessee	**+ 599**	**+ 378,000**	**+ 244,000**
Texas	**+ 1,607**	**+ 1,930,000**	**− 836,000**
Virginia	**− 1,005**	**− 1,526,000**	**+ 599,000**
West Virginia	**+ 149**	**+ 217,000**	**− 66,000**
SREB States	**—**	**—**	**—**
Other States	**+ 17,176**	**+ $12,356,000**	**—**

Note: The estimated probable effects of charging a uniform average non-resident fee in the region are based upon average Fall 1971 non-resident fees paid by residents of SREB states to other SREB states: $755 in NASULSC institutions, $633 in AASCU institutions and $421 in two-year institutions.

Additional SREB efforts focus upon promoting increased sharing of uncommon facilities within the region and upon making programs in institutions near state borders available to commuting out-of-state students at in-state rates. Implementation of the latter alternative would eliminate the need for the costly establishment of new institutions across state lines from existing institutions.

As postsecondary educational systems find themselves financially pressed by inflation, cutbacks in federal support and other income losses, the SREB Common Market and other regional approaches offer ways of sharing resources which can help to stretch existing dollars.

A Regional Out-of-State Fee?

Some educators contend that free interstate student access could be even more generally facilitated. One approach is suggested by Table 1, which provides information about the current flow of non-resident students and dollars in the region and suggests the effects of a uniform non-resident fee in the region. Net exchanges, in public four-year institutions, of first year non-resident students and of tuition revenue between each of the 14 SREB states and the region as a whole are estimated.

In reality the "exchanges" of dollars noted in Table 1 are made by private citizens in payment of non-

Some states would realize institutional gains, and interstate access for regional students would be advanced throughout the region. . .

resident fees, not by state governments. The figures indicate the estimated net differences between what citizens of an individual SREB state pay in the form of non-resident fees to institutions in other SREB states versus the estimated non-resident fee dollars paid into that state by residents in the rest of the region. Figures are given for first-year students only under the assumption that, in the future, incoming students will generally establish residency within one year after matriculation.

Examination of Table 1 raises questions as to the equity of the current pattern of student and dollar exchanges. Some states do export students to other states within the region while receiving relatively few students and often charging the student a higher non-resident tuition. The last column in Table 1 shows the financial effect upon exchanges made by private citizens of individual SREB states if a uniform non-resident fee were charged residents of the region, and if the flow of students remained the same as in 1971. Some states might experience net gains for citizens, other would realize institutional gains, and interstate access for regional students would be advanced throughout the region.

Patterns of Financing

In the final analysis, questions of out-of-state fee revenue recede into relatively minor significance before the overriding issues of overall financing of post-secondary education. Recommendations by the Carnegie Commission on Higher Education and by the Committee on Economic Development, both calling for general tuition increases, are hotly debated in the educational world today.

Robert Carbone, on leave from his position as Dean of the College of Education at the University of Maryland, is conducting a study focusing on alternative models of tuition systems. He suggests that policy changes should 1) take into account implications for state and institutionalized budgets, 2) provide constitutional guarantees of equal protection and privilege under the law, 3) be acceptable to and understood by the public and its leaders, 4) bear in mind curricular and administrative implications of any actions and their acceptability to higher education faculties and leaders and 5) be mindful of the consequences of possible enrollment shifts.

His investigation is analyzing alternative models of tuition assessment "that will help preserve the low tuition principle, stimulate student migration, and preserve the favored position of resident students in our fee structure." Here are some of the alternatives tentatively suggested:

1. Tuition based on full cost of instruction with annual tuition vouchers for all students who graduate from an in-state high school.

2. A graduated tuition plan that pegs freshman year (or first-year graduate study) fees at full cost of instruction but with gradual reduction in fees for each subsequent year. Accompanying this model might be a one-year tuition voucher for graduates of in-state high schools.

3. A national student tuition "bank" that would administer cost-of-education payments.

4. One-to-one student exchange programs. These exchanges would serve to equalize in- and out-migration and thus eliminate the need for differential tuition charges.

5. Non-resident tuition based on some form of income contingency that would assess higher fees to non-resident students who do not choose to maintain extended residence in the state after completion of college or graduate work. Those that do stay would be able to claim the higher costs as deductible items on state income tax returns.

Consideration of the various tuition system alternatives should be useful in helping mold decisions on financing of higher education in the coming years. Those decisions will have to be made by each individual state. Legislatures will not necessarily underwrite the assumptions of any particular study, but most of them will seek answers which reflect a general consensus on behalf of low cost public higher education and broadest possible access to postsecondary programs suitable to the needs of all citizens. To this end regional cooperation in all its possible variations can feasibly contribute.

Conclusions

1. Student migration has numerically declined during the last five years.

2. At least some of the decline is attributed to restrictive policies with respect to non-resident students, mostly through out-of-state fees, quotas, and admissions restrictions.

3. The courts now uphold the constitutionality of non-resident fee assessment but require general liberalization of residency provisions.

4. In an era of declining enrollments and rising educational costs, inter-state student access has increasing relevance for effective use of higher educational resources.

5. Cooperative means or proposals for providing greater student access include general sharing of uncommon facilities, joint access to institutions near contiguous state borders, agreements between states for more general student access to each other's institutions, agreements among groups of states to charge uniform, moderate out-of-state fees, and arrangements for waiver of out-of-state fees for specific categories of programs.

6. The SREB Academic Common Market, currently being established, is a specific arrangement for out-of-state fee waivers applied to meet uncommon program needs of individual states at the graduate level.

7. Questions regarding out-of-state fees should be studied as part of larger policy problems on how much of the post secondary educational expenditure can properly be assumed by each income source—the federal government, the state government, the student, philanthropy.

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