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**Public Higher Ed’s In-State/Out-of-State Dilemma**

Fiscal and competitive pressures are leading state universities to admit a lot more out-of-state students. That doesn't sit well with a lot of people.

BY [CHARLES CHIEPPO](http://www.governing.com/authors/Charles-Chieppo.html) | MAY 19, 2016

There is no greater driver of economic opportunity than education, and public colleges and universities are a symbol of that opportunity. They educate nearly three quarters of America's more than 20 million college students at a fraction of the cost of many private universities, providing access to higher education for many who couldn't otherwise afford it and easing the often crushing burden of student-loan debt.

But public higher education is not immune to either competitive pressures or basic laws of economics, and these two forces, driven in part by declining state financial support, can combine to conflict with the core mission of providing in-state students with affordable, high-quality higher education. As it gets harder for students to get into one of the state institutions their parents' tax dollars support, those taxpayers and their elected representatives are noticing, and they don't like what they see.

Perceived prestige plays an ever more important role in students' college selection processes, driven by the growing popularity of rankings developed by various publications. Holding your own in the *U.S. News & World Report*'s rankings often takes money, and in an era of relative scarcity for state governments, that is driving many public colleges and universities to recruit more out-of-state students, who generally pay more to attend. Since admissions standards are usually more rigorous for out-of-state students, enrolling more of them also translates into the higher average test scores and grade-point averages that can lift a school's rankings.

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The trend is unmistakable. Today a majority of students at the universities of Alabama, Iowa, Michigan and New Hampshire are from outside the state. The University of Vermont is an extreme example, with 71 percent of its students coming from elsewhere, and 70 percent of graduate students at the five University of Massachusetts campuses don't come from the Bay State.

And the trend has brought with it a backlash. When the number of out-of-state freshmen topped 29 percent at the University of California at Berkeley and was over 28 percent at UCLA in 2014, Gov. Jerry Brown and state legislators protested that Californians were being shortchanged. The number of freshmen from outside the state at the two campuses was subsequently capped at 2014-15 levels.

North Carolina is stricter. The number of out-of-state freshmen is capped at 18 percent at the flagship Chapel Hill campus. Earlier this year, the university's board of governors fined the campus more than $1 million for exceeding the cap by 1.5 percentage points.

The backlash is understandable. California taxpayers are spending more than $13 billion to support public higher education this year, and North Carolina has appropriated almost $4 billion. A majority of states will spend over $1 billion each on their public colleges and universities in 2016.

Having spent nearly a decade working in higher education, I know that the temptation to maximize revenue and rankings is one that few college and university officials can resist. The difficult job of balancing revenue and prestige against in-state access ultimately falls on state officials. And they should not forget why these institutions were founded in the first place.

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