

**MINNESOTA STATE COLLEGES AND UNIVERSITIES
BOARD OF TRUSTEES
Agenda Item Summary Sheet**

Name: Finance and Facilities Committee

Date: Oct. 23, 2013

Title: North Dakota Tuition Reciprocity Agreement

Purpose (check one):

- | | | |
|---|--|---|
| <input type="checkbox"/> Proposed New Policy or Amendment to Existing Policy | <input checked="" type="checkbox"/> Approvals Required by Policy | <input type="checkbox"/> Other Approvals |
| <input type="checkbox"/> Monitoring / Compliance | <input type="checkbox"/> Information | |

Brief Description:

The Minnesota Office of Higher Education and the North Dakota State Board of Higher Education recently made some modifications to the reciprocity agreement which requires Board of Trustee approval. These modifications do not have a direct impact to our system or students.

Board required action on the North Dakota Tuition Reciprocity Agreement occurred in May 2010 which changed the agreement to charge North Dakota residents enrolled at the University of Minnesota Dental School 100% of the non-resident rate instead of 75%. No other changes have been made to the agreement since FY2010 that required Board approval.

Scheduled Presenter(s):

Deborah Bednarz, Director – Financial Planning and Analysis

**BOARD OF TRUSTEES
MINNESOTA STATE COLLEGES AND UNIVERSITIES**

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| ACTION ITEM |
| North Dakota Tuition Reciprocity Agreement Approval |

INTRODUCTION

Pursuant to Minnesota Statutes 136A.08, Subd. 6, tuition reciprocity agreements must be approved by the governing boards of the University of Minnesota and Minnesota State Colleges and Universities. The Minnesota Officer of Higher Education and the North Dakota State Board of Higher Education recently made some modifications to the reciprocity agreement which requires Board of Trustee approval. These modifications do not have a direct impact to our system or students.

BACKGROUND

Minnesota's reciprocity agreement with North Dakota requires a contractual payment from Minnesota to North Dakota. The North Dakota payment calculation is based on Minnesota consistently sending more students to North Dakota than vice versa. Minnesota reciprocity students and the state's general fund are responsible for the marginal instructional costs associated with educating the gap number of full-time equivalent (FTE) Minnesota students studying in North Dakota. Minnesota students pay a portion of the marginal instructional cost of their education through tuition, with the Minnesota general fund picking up the residual. All else being equal, increasing the tuition paid per student decreases a state's general fund obligation.

Over the years, payments from Minnesota to North Dakota have ebbed and flowed based on the main drivers within the payment calculation: student flow, tuition rates and marginal instructional costs. During the past decade, Minnesota's reciprocity payments to North Dakota have increased significantly. Though the Minnesota Legislature did appropriate additional funds to offset much of the increase in the projected reciprocity payments to North Dakota for the coming biennium, the Office of Higher Education renegotiated the terms of the agreement to ensure the future reciprocity payments did not exceed available funds.

CHANGES TO THE AGREEMENT

Under the terms of the existing agreement, students were charged the higher of the resident rate charged by the institution they attended or the resident rate of a comparable institution in their home state. This has typically been the Minnesota resident tuition rate for both Minnesotans studying in North Dakota and vice versa.

Under the terms of the modified agreement, Minnesotans studying in North Dakota will be charged 112 percent of the North Dakota resident undergraduate tuition rate and 127 percent of the North Dakota graduate tuition rate. Should projected reciprocity payments exceed available funds, these tuition surcharges may be increased by up to three percent during the next three academic years. Since Minnesotans studying in North Dakota will be paying slightly higher tuition rates, and therefore covering more of the marginal instructional costs, the residual state obligation covered by the interstate payment will decrease.

There were no changes to the agreement affecting what North Dakota residents are charged at Minnesota public colleges and universities. They will continue to be charged the higher of the Minnesota resident rate at the campus attended or the resident rate at a comparable North Dakota institution.

At the request of North Dakota, the agreement was also modified to allow either party to limit the number of reciprocity students admitted to occupational and physical therapy programs in their state. This change does not impact the Minnesota State Colleges and Universities.

RECOMMENDED COMMITTEE MOTION:

The Finance and Facilities Committee recommends that the Board of Trustees adopt the following motion:

The Board of Trustees approves the North Dakota/Minnesota Reciprocity Agreement (Attachment A) in accordance with Minnesota Statutes section, 136A.08, Subd. 6, effective beginning with the 2013-2014 academic year.

RECOMMENDED BOARD OF TRUSTEES MOTION:

The Board of Trustees approves the North Dakota/Minnesota Reciprocity Agreement (Attachment A) in accordance with Minnesota Statutes section, 136A.08, Subd. 6, effective beginning with the 2013-2014 academic year.

Date presented to the Board of Trustees: October 23, 2013

**MINNESOTA-NORTH DAKOTA PUBLIC HIGHER EDUCATION
TUITION RECIPROCITY AGREEMENT**

1. PARTIES

The parties to this Agreement are the Minnesota Office of Higher Education and the North Dakota State Board of Higher.

2. PURPOSES OF AGREEMENT

The purposes of this Agreement are to continue to improve the post-secondary education advantages of residents of Minnesota and North Dakota through greater availability and accessibility of post-secondary education opportunities and to achieve improved effectiveness and economy in meeting the post-secondary education needs of those residents through cooperative planning and effort by the two neighboring states.

It is intended that the opportunity to enter a public post-secondary institution in the neighboring state will be dependent upon the availability of space in the particular program to which the student applies, as determined by each campus. A student whose reciprocity application is approved by the appropriate agency in the student's state of residence will be accommodated in a public institution in the neighboring state if the student meets admission requirements applied to residents of the neighboring state and if space is available in the program to which the student applies, except for those specific programs noted in Section 4 of the agreement.

3. TERM

This agreement is to be effective beginning with the 2013-14 academic year. The agreement is ongoing and will be reviewed annually and may be modified at any time upon mutual agreement of the parties.

4. SCOPE OF AGREEMENT

Students. A resident for tuition purposes in Minnesota or North Dakota shall be defined by the laws and regulations of the state of legal residency. Residents for tuition purposes in either state are eligible for admission to a public post-secondary institution in the other state on the same basis as residents of that other state, except as noted below. Students enrolled in courses or programs that do not charge a nonresident tuition rate but charge a tuition rate other than the resident rate to all students enrolled in a course or program are not covered by this agreement.

Subject to available space, students from one state shall be admitted to programs in the other state if they meet the admission and performance requirements applied to students in the other state, except for the following academic programs:

- North Dakota State University Doctor of Pharmacy
- University of North Dakota Doctor of Medicine
- University of North Dakota Juris Doctorate
- University of Minnesota Juris Doctorate
- University of Minnesota Doctor of Medicine
- University of Minnesota Doctor of Pharmacy

University of Minnesota Doctor of Veterinary Medicine (beyond five guaranteed new freshmen slots per year, up to a total of 20 for four classes, for qualified applicants)

University of Minnesota Doctor of Dentistry (beyond ten guaranteed new freshmen slots per year, up to a total of 40 for four classes, for qualified applicants)

Both parties to this agreement have the authority to limit the number of reciprocity students admitted to Occupation and Physical Therapy programs in their respective states based on mutually agreed upon limits described in the annual administrative memorandum.

The North Dakota University System retains the right to submit recommendations to the University of Minnesota on the selection of North Dakota applicants for admission to veterinary medicine and dentistry,

All forms of financial aid provided by an institution shall be available to qualified students from either state, except aid programs supported by funds for which eligibility is lawfully restricted.

(a) Institutions and Programs. This Agreement applies to all public post-secondary institutions in Minnesota and North Dakota. An institution in one state may not offer a program in the other state without prior approval of the administering agency or agencies in the other state.

5. TUITION

Beginning in the fall 2013, reciprocity students attending NDUS institutions generally pay 112% of the ND resident rate at the undergraduate level and 127% of the ND resident rate at the graduate level, which varies by type of institution (e.g. doctoral, two-year, etc.). The NDUS, with the mutual agreement of MN, reserves the right to increase to 115% undergraduate and 130% graduate over a period not to exceed three years, as necessary. ND students attending MN institutions pay the higher of MN resident rate for the type of campus attended.

North Dakota residents attending Minnesota campuses will pay the following tuition rates:

- North Dakota residents attending the University of Minnesota campuses will pay the University of Minnesota resident rate at the campus attended based on the program of instruction, except for pharmacy, law, medicine, veterinary medicine and dentistry. Students will pay the rate established by Minnesota for pharmacy, law and medicine. For up to five slots per year in veterinary medicine, the state of North Dakota and/or the student will pay 75% of the professional program non-resident tuition rate and for up to 10 slots per year in dentistry the state of North Dakota and/or the student will pay 100% of the professional program non-resident tuition rate.
- North Dakota residents attending Minnesota State University System campuses will pay the higher of the Minnesota State University System resident rate or the average

University of North Dakota/North Dakota State University resident rate based on the program of instruction.

- North Dakota students attending Minnesota's two-year campuses will pay the higher of the Minnesota Community College or Minnesota Technical College resident rate at the campus attended or the North Dakota two-year resident rate.

Minnesota residents attending North Dakota campuses will pay the following tuition rates:

- In the fall 2013, Minnesota students attending NDUS institutions will pay 112% of the North Dakota resident undergraduate rate and 127% of the North Dakota resident graduate rate based on the program of instruction, with potential increases to 115% and 130% respectively. The following exceptions apply:
 - Undergraduate and graduate reciprocity rates for Minnesota students attending Minot State shall not exceed the tuition charged to non-residents from other states through the fall 2014 semester. All newly admitted students beginning in the Spring 2015 and thereafter will be assessed the agreed-upon surcharge.
 - The reciprocity rate for Minnesota students attending Lake Region State shall not exceed the tuition charged to non-residents from other states through the summer 2015 semester. Beginning in the Fall 2015 and thereafter students will be assessed the standard agreed-upon surcharge.
 - The reciprocity rate for Minnesota students attending UND and NDSU's joint Master's in Public Health program shall not exceed 110% of the ND resident rate in fall 2013, 120% in fall 2014 and the agreed upon surcharge thereafter.
- Minnesota students attending the University of North Dakota Physical Therapy and Occupational Therapy programs will pay the University of North Dakota resident rate.
- Minnesota students attending the University of North Dakota in medicine will pay the rate set by the University of North Dakota.
- Minnesota students attending the University of North Dakota in law will pay the rate set by the University of North Dakota.
- Minnesota students attending North Dakota State University in pharmacy will pay the rate set by North Dakota State University.

6. TUITION RECIPROCITY REIMBURSEMENT

The state receiving the lesser number of students shall pay the state receiving the greater number of students from the other state a tuition reciprocity reimbursement. The payment shall be based on a marginal expenditure calculation as follows:

$$\begin{array}{l} \text{Operational Expenditure per FTE}^1 \\ \times \text{Marginal Expenditure Rate} \\ \hline = \text{Marginal Expenditure per FTE} \\ - \text{Resident Tuition Rate} \\ \hline \end{array}$$

- = Remaining Marginal Expenditures per FTE
- x GAP FTE (Difference in state flow of students)
- = Gross State Obligation
- Student Payment (Total Tuition Payment in Excess of Resident Tuition)
- = Net State Obligation

¹Excludes costs of programs exempted under the agreement and others noted in the annual memo of understanding

7. ADMINISTRATION

The chief executive officers of the parties to this Agreement shall prepare and execute an Administrative Memorandum of Understanding concurrent with this Agreement. The Memorandum shall include provision relating to actual reciprocity tuition rates during 2013-14 and thereafter, marginal expenditure rates, payment schedules and other provisions designed to effectuate the purpose of this Agreement. The Memorandum shall be reviewed at least annually and modified as necessary.

8. ADMISSION, PROMOTION AND RECRUITMENT

The parties expect that the institutions governed by this Agreement will follow the Statement of Principles of Good Practice, adopted by the National Association of Secondary Schools and College Admissions Officers, and the recommended guidelines for institutions adopted by the Minnesota Office of Higher Education and the ND State Board of Higher Education, as appropriate codes of conduct for representatives of public institutions involved in admissions, promotion, and students recruitment in a neighboring state.

MINNESOTA OFFICE OF HIGHER EDUCATION:

Date: _____

Lawrence J. Pogemiller, Commissioner

NORTH DAKOTA STATE BOARD OF HIGHER EDUCATION:

Date: _____

Larry Skogen, Acting Chancellor