1. **Issue:** Proposed changes to the Minnesota-North Dakota Public Higher Education Tuition Reciprocity Agreement.

2. **Proposed motion:** Recommend approval of the proposed changes to the Minnesota-North Dakota Public Higher Education Tuition Reciprocity Agreement as presented.

3. **Background:** Since 1975, Minnesota and North Dakota have agreed to provide tuition reciprocity to resident students who attend public higher education institutions in the neighboring state. A related memorandum of understanding (MOU) contains specific operational details and is updated and renewed annually. Currently, Minnesota reciprocity students attending NDUS institutions pay the North Dakota resident rate plus a surcharge. North Dakota reciprocity students attending Minnesota institutions pay the higher of the Minnesota or North Dakota resident rate for the type of campus attended.

Additionally, the state receiving the lesser number of students must pay the state receiving the greater number of students a supplemental payment intended to cover the variable cost of education for the number of students exchanged beyond the breakeven enrollment point. Since the NDUS receives more students than it sends to Minnesota, North Dakota receives an annual payment that is distributed to NDUS campuses based on Minnesota reciprocity enrollments.

<table>
<thead>
<tr>
<th>Academic Year</th>
<th>MN to ND</th>
<th>ND in MN</th>
<th>ND to MN ratio</th>
<th>MN Payment to ND</th>
</tr>
</thead>
<tbody>
<tr>
<td>2011-12</td>
<td>10,276</td>
<td>4,532</td>
<td>1:2.27</td>
<td>$7,197,061</td>
</tr>
<tr>
<td>2012-13</td>
<td>10,693</td>
<td>4,300</td>
<td>1:2.49</td>
<td>$5,761,508</td>
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<td>2013-14</td>
<td>10,717</td>
<td>4,043</td>
<td>1:2.65</td>
<td>$7,485,213</td>
</tr>
<tr>
<td>2014-15</td>
<td>10,559</td>
<td>3,728</td>
<td>1:2.83</td>
<td>$6,937,852</td>
</tr>
<tr>
<td>2015-16</td>
<td>10,627</td>
<td>3,532</td>
<td>1:3.01</td>
<td>$11,569,023</td>
</tr>
</tbody>
</table>

Significant proposed changes by section are:

a) **Term** – Adds a termination clause to the **Term** section.

   If either party decides to withdraw from the agreement, a minimum one-year advance written notice is required. The terms of post-termination provisions will be negotiated by the states in the annual MOU, with the intent of minimizing impact on currently enrolled students.

b) **Tuition** – Summarizes the existing rate methodology and removes unnecessary language that also exists in the MOU.
c) **Tuition Reciprocity Reimbursement** – Caps the state reciprocity reimbursement payment and delineates the existing payment calculation formula.

The state payment will be capped at the annual or biennial appropriation for such payments. If the state payment is reduced, the receiving state can increase the tuition surcharge to students.

The existing payment calculation formula, which previously existed only in the MOU, is added in a table format. No changes were made to the calculation formula.

4. **Financial implications:** The Minnesota annual appropriation for the state payment is $11,018,000 for fiscal years 2018 and 2019. With the new agreement, the state payment to North Dakota will be the lesser of $11,018,000 or the actual calculated amount.

The 2015-16 state payment was $11.5 million, while the 2016-17 estimated payment is $11.8 million. Had the cap been in place, the NDUS would have received $22.0 million rather than $23.3 million.

Effective with the 2017-18 academic year state payment, if the calculated payment exceeds the cap, the NDUS institutions receiving Minnesota students will either absorb the difference or increase the tuition surcharge.

5. **Academic implications:** None

6. **Legal/policy issues:** None

7. **Review Process:** Chancellor, Office of the Attorney General, Institutions

8. **Enclosures:** Reciprocity agreement

9. **Contact person:** Tammy Dolan, tammy.dolan@ndus.edu, 328-4116

10. **Chancellor’s Recommendation:** Approved the agreement as presented