

**UNIVERSITY OF MINNESOTA**

**BOARD OF REGENTS**

**Thursday, June 7, 2007**

**10:45 - 11:45 a.m.**

**600 McNamara Alumni Center, Boardroom**

**Board Members**

Anthony Baraga, Chair  
Patricia Simmons, Vice Chair  
Clyde Allen  
Dallas Bohnsack  
Maureen Cisneros  
Linda Cohen  
John Frobenius  
Venora Hung  
Steven Hunter  
Dean Johnson  
David Larson  
David Metzen

**AGENDA**

1. Annual Operating Budget: Role of Tuition - R. Bruininks/T. Sullivan/C. Swan (pp. 2-4)



## UNIVERSITY OF MINNESOTA BOARD OF REGENTS

**Board of Regents**

**June 7, 2007**

**Agenda Item:** Annual Operating Budget: Role of Tuition

review       review/action       action       discussion

**Presenters:** President Robert H. Bruininks  
Senior Vice President/Provost Thomas Sullivan  
Vice Provost for Undergraduate Education Craig Swan

**Purpose:**

policy       background/context       oversight       strategic positioning

To provide the Board of Regents with an overview of the role of tuition in the annual operating budget and, consistent with Board of Regents Policy: *Tuition and Fees*, provide background and context for proposed tuition reforms that are consistent with the University's strategic positioning goals for access and affordability.

**Outline of Key Points/Policy Issues:**

An essential element of the University's strategic positioning initiative is to continue to develop strategies to ensure an affordable education for University of Minnesota students. Consequently, a comprehensive effort is underway to continuously assess and improve the existing tuition structure to maximize the educational value for students while meeting the University's operational costs. The proposed tuition reform strategies are to:

1. provide incentives for better student progress and graduation rates by establishing 13-credit tuition bands at the University of Minnesota at Crookston, Duluth, and Morris;
2. reset the undergraduate tuition rates at the University of Minnesota Duluth and Morris campuses so that they are less than the rates at the Twin Cities campus;
3. adjust nonresident tuition rates to full educational costs on the University of Minnesota Twin Cities and Duluth campuses so nonresident students pay the resident rate plus \$2,000 per semester on the Twin Cities campus and the resident rate plus \$1,000 per semester on the Duluth campus; and
4. negotiate or alter by Board action provisions in the Wisconsin tuition reciprocity agreement that would allow Wisconsin students to attend University campuses by paying the Minnesota resident tuition rate.

**Background Information:**

At the May 11, 2007, Board of Regents meeting, the President outlined the undergraduate objectives for each campus and potential tuition reform strategies in support of those objectives.

**University of Minnesota Undergraduate Tuition Reform  
Board of Regents Meeting  
June 7, 2007**

---

### **Strategic Objectives**

The first pillar of strategic positioning is to recruit, educate, challenge, and graduate outstanding students who become highly motivated lifelong learners, leaders, and global citizens. To help meet these goals, the following objectives for improving undergraduate programs on each campus were developed:

- Recruit more high ability students and improve the overall academic profile of new freshmen
- Increase the diversity of undergraduate students
- Increase the enrollment of international students
- Improve 4-year and 5-year graduation rates significantly

All students are well served by reducing costs. In combination with many other efforts to increase financial support for low- and middle-income students, students can be assured of affordable access to the University of Minnesota. The state is well served by our efforts to insure that access to the University is affordable and to graduate diverse students ready to enter the workforce. The following tuition reforms are designed to advance the University's strategic objectives for the recruitment, retention, and graduation of undergraduate students.

### **Tuition Reforms**

**1. Establish 13-credit tuition bands on the Duluth, Morris, and Crookston campuses.**

A tuition structure that rewards full-time students would provide a financial incentive encouraging students to graduate in a more timely way, helping to improve 4-year and 5-year graduation rates. At present, only the Twin Cities campus bands tuition at 13 credits, i.e., additional credits do not increase a student's tuition. The President proposes to establish a 13-credit tuition band on all campuses of the University. A 13-credit tuition band rewards full-time students, and enables students to control the cost of their education and achieve real savings. Students who graduate in four years rather than five years can save as much as \$20,000.

**2. Reset the undergraduate tuition rates on the Duluth and Morris campuses so that they are less than the Twin Cities campus rate.**

Resident tuition rates on the Duluth and Morris campuses are above market (e.g., rates for regional campuses throughout the Midwest) and they are also higher than the Twin Cities campus rate, for historical reasons that no longer apply. They should be reset just below the Twin Cities campus rate.

**3. Lower the nonresident undergraduate tuition rate on the Twin Cities and Duluth campuses so that nonresident students pay resident rate plus \$2,000 per semester on the Twin Cities campus and resident rate plus \$1,000 per semester on the Duluth campus.**

The number of high school graduates in reciprocity states will decline significantly over the next 10 years, especially in North and South Dakota. The number of high school graduates will also decline, although more modestly, in Minnesota and Wisconsin. Therefore, it will be difficult for the University to maintain its undergraduate enrollment, with the desired academic profile, unless it recruits students from outside Minnesota and the current reciprocity states (nonresident and international students).

On the Twin Cities and Duluth campuses, current nonresident tuition rates for undergraduate students place the University at a competitive disadvantage. As a consequence, it is difficult for the University to recruit nonresident students and international students, except by discounting a significant amount of the nonresident rate.

What will not change is the University's commitment to enroll the same percentage of new Minnesota high school graduates as it has historically (i.e., 9 - 10 percent). Given the demographic profile of high school graduates in the upper Midwest (which shows a decreasing number of high school graduates), and the University's desire to maintain enrollment levels and undergraduate academic profile, the University will need a tuition structure that allows for the eventual and gradual shift of the current number of reciprocity state students to nonresident, non-reciprocity students.

- 4. Negotiate a change in the Wisconsin tuition reciprocity agreement or withdraw from the agreement and establish a "neighboring states" or "Wisconsin" tuition rate that would allow Wisconsin students to attend the University's campuses paying the Minnesota resident tuition rate.**

The University is committed to the principle of reciprocity with neighboring states. The Wisconsin tuition reciprocity agreement has greatly benefited students and families in both states, but its specific, current provisions are not acceptable. Under these current provisions, Wisconsin reciprocity students pay significantly less than Minnesota residents to attend the University's campuses: \$2,720 less at Morris, \$1,737 less at Duluth, \$1,573 less at Crookston, and \$1,191 less at the Twin Cities campus. In addition to the obvious fairness issue, this costs the University more than \$7 million in annual tuition revenue. We are optimistic that current negotiations with Wisconsin will be successful, but the University should be prepared to act on its own if necessary.