Student Reciprocity Programs and MSEP in the 21st Century

Midwest Student Exchange Program (MSEP)

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105 Fifth Avenue South, Suite 450
Minneapolis, MN 55401
612-677-2777 or 855-767-MHEC
MHEC.ORG | mhec@mhec.org

Midwestern Higher Education Compact (MHEC)

VISION: MHEC members collaborate to address the region's most pressing challenges in higher education and transform educational opportunities so that people and communities thrive.

MISSION: MHEC brings together midwestern states to develop and support best practices, collaborative efforts, and cost-sharing opportunities. Through these efforts it works to ensure strong, equitable postsecondary educational opportunities and outcomes for all.

WHO MHEC SERVES: MHEC is comprised of member states from the midwestern United States. MHEC works with and for a variety of stakeholders within and across member states, including higher education system leaders, state policymakers, legislators, and institutional leaders, while always maintaining a focus on students and their success.

HOW MHEC WORKS: MHEC's strategic approach highlights member states' strong desire for collaboration, effectiveness, and efficiency. MHEC believes that collaborative actions informed by research and best practices are the catalyst for improving quality, accessibility, relevance, and affordability of postsecondary educational opportunities. MHEC does this primarily through the following approaches: convenings, programs, research, and cost-savings contracts. Increasingly, MHEC looks to leverage these approaches in conjunction with each other to serve its strategic priorities.

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AUTHORS

Sara Appel
Associate Director for Policy Initiatives, MHEC

Jenny Parks
Vice President, MHEC

Everett Trechter
Intern, MHEC

EDITOR

Jenny Parks
Vice President, MHEC
jennyp@mhec.org

CONTRIBUTORS

Wanda Barker
Division Director, Education Technology and Multistate Cooperative Programs, SREB

Margo Colalancia
Director, Student Access Programs, WICHE

Jennifer Dahlquist
Vice President
MHEC

Cole Fournier
Intern, MHEC

Wendy Lindsay
Senior Director, Regional Student Program, NEBHE

Leah Reinert
Everyone Needs an Editor

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Executive Summary

MSEP IN THE CONTEXT OF AMERICAN HIGHER EDUCATION IN 2020

Student exchange and reciprocity programs developed in the late 20th century are based on a higher education model much different from the 21st century reality of higher education. Many significant shifts in American society have occurred in the 21st century, demanding higher levels of education for most individuals to participate meaningfully in an increasingly global and information-driven economy and society. The changes most relevant to student exchange and reciprocity programs include:

- A decline in the number of traditional-aged college students;
- The decline of the traditional residential college experience;
- An increase in the number of students from traditionally underserved populations;
- The decline of the out-of-state tuition model; and
- Most recently, an increase in educational uncertainty due to the COVID-19 pandemic.

Together these changes challenge and invite the examination of the relevance and goals of traditional student exchange and reciprocity programs.

STUDENT EXCHANGE AND TUITION RECIPROCITY PROGRAMS

Within states and institutions with reciprocity programs, three main types of agreements exist, including: state border counties, state-to-state, and regional compacts. Regional compact student exchange programs exist within all four of the US higher education regional compacts, serving different numbers of students and types of institutions. The Midwestern Student Exchange Program (MSEP) is one of those programs. Beginning in 1994, the primary goal of the program was to expand college and degree options for Midwestern students by making out-of-state enrollment more affordable and accessible. Over time, MSEP has also evolved into a tool for institutional marketing, recruitment, and enrollment management. In MSEP, participating public institutions agree to charge out-of-state students no more than 150% of the in-state tuition costs for certain programs at the associate, baccalaureate, and graduate levels and private institutions offer a 10% reduction on their tuition rates.

Data show overall growth in student and institutional participation, cost-savings, and program success over the past 25 years but with significant variation among states and institutions regarding the benefits they realize through that participation. Stakeholders in states with higher levels of institutional and student participation cite the following reasons for the success of the program: support from state higher education executive offices, recruiter awareness and use, and effective marketing by institutions. States and institutions benefitting least from MSEP noted net student out-migration and flat rate tuition policies as reasons for lack of interest and participation in the program. Data from recent years indicate an overall drop in the number of participating institutions and students, a pattern that has not yet been observed in the other three compacts.

While MSEP data seem to indicate student enrollment and savings in the program has continually grown since 1996, several factors mitigate the significance of these data. While enrollment has grown 836% and savings has grown 10,851% since 1996, these numbers are skewed by substantial numbers of students migrating out of Illinois (50% of student participants in MSEP since 2011). Without Illinois, MSEP participation has grown 305% and savings 4,912% since 1996. Further, growth in savings can largely be attributed to the general increase in tuition rates since 1996.

ANALYSIS: MSEP IN THE CONTEXT OF HIGHER EDUCATION RECIPROCITY AND EXCHANGE PROGRAMS

MSEP is similar to the other three regional reciprocity and exchange programs, but the other programs have benefitted from longer and larger investments in staffing and technology. MSEP would benefit from the following investments and improvements:

- Developing and improving processes and procedures;
- Data tracking, collection, and analysis;
- Program staffing levels;

- Improved communication with states and institutions;
- Increased documentation of policies, processes; and reports
- Enhanced training for state and institutional stakeholders and data reporters.

RECOMMENDATIONS AND CONCLUSIONS

Four areas for improvement of MSEP emerged from this research:

- Clarifying MSEP goals;
- Updating and optimizing MSEP policies;
- Improving and expanding MSEP data collection; and
- Enhancing MSEP administration and staffing.

This review of the Midwest Student Exchange Program highlights the current benefits of the program as well as areas for improvement. The regional exchange programs are important for students, institutions, and states. Evaluating the current needs and associated benefits of MSEP could increase participation, including serving larger numbers and more diverse groups of students.

INTRODUCTION

Regional higher education compact reciprocity programs have existed since 1957. These reciprocity programs provide a way for students to access programs and fields of study they may not be able to access in their home states. Such programs can be institution-, state-, or regionally-based, and differ widely depending upon the circumstances of individual institutions, systems, and states.[1] This report examines student exchange and tuition reciprocity programs with a focus on the Midwestern Higher Education Compact's (MHEC) Midwest Student Exchange Program (MSEP).

In 1994, the Midwestern Higher Education Compact (MHEC) joined its sister compacts in offering a regional student reciprocity and tuition exchange opportunity known as the Midwest Student Exchange Program (MSEP). The program allowed students from one MHEC state to attend an institution at a reduced tuition rate in another MHEC state, when the student's home state did not offer the degree program the student was seeking.[2] This arrangement benefitted students, families, institutions, and states by increasing options and decreasing costs for families and students while increasing enrollments and student in-migration at participating schools in MSEP states.

Twenty-five years after its inception, MSEP still serves many of MHEC's stakeholders,[3] but it does so within a radically altered higher education environment. On-line education, nondifferentiated tuition schedules, enhanced concerns for educational equity, the expansion of academic program offerings, and profound changes in student demographics are just some of the changes that have transformed the higher education landscape and, therefore, altered the impact of MSEP and other exchange programs. In recent years, MSEP has seen a slow decline in institutional and state participation in a way that has not been experienced in programs at the other regional higher education compacts. All of the compacts will be interested to see how their student exchange programs were impacted due to the COVID-19 crisis as they begin to collect data for Academic Year 2020-2021. Is this because the Midwest is experiencing distinctive demographic and economic changes, or, perhaps, because MSEP differs from peers in policy and implementation? An additional intent of this report is to explore and better understand the role and success of MSEP and other student exchange programs within the landscape of 2020.

This report begins with an overview of current trends in higher education and moves to a discussion of the contemporary role of student exchange and tuition reciprocity programs. These sections are followed by a 25-year history of MSEP, placing MSEP in context vis-à-vis other reciprocity programs, its original goals, and the contemporary needs and priorities of students, families, institutions, and states. Interviews with staff at MSEP institutions, MSEP state liaisons, and student exchange program staff at other regional compacts[4] informed this report alongside MSEP data, peer-reviewed research, nonprofit and governmental reports, and higher education trade publications, such as *Inside Higher Ed* and *The Chronicle of Higher Education*.

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[1] In-State Angels, "Tuition Reciprocity Agreements Explained;" National Association of Student Financial Aid Administrators, "State & Regional College Tuition Discounts."

[2] At some point in MSEP's history, the requirement the program in the receiving state be one that was unavailable at an institution in the student's home state was dropped. Since that time, 110,585 students have been able to access participating programs/institutions in other states regardless of the availability of such programs in their home states.

[3] The latest reported data from the 2018-19 academic year indicate 58 institutions participated, serving 13,166 students who saved an estimated $93 million in tuition dollars. This information is publicly available on the MHEC website in the Annual MSEP Data Report. https://www.mhec.org/resources/2017-18-msep-enrollment-data.

[4] See Appendix A for details about these interviews and the individuals who were interviewed.

MSEP IN THE CONTEXT OF AMERICAN HIGHER EDUCATION IN 2020

Several changes in 21st century American society have triggered significant shifts in the higher education landscape. Such shifts are likely to have powerful impacts on the perceived value and utility of student exchange and reciprocity programs, which were developed at various points in the late 20th century. These programs were based upon a traditional model of college attendance. The traditional model assumed a recent high school graduate could take about four years to live on or near a campus and devote all or most of their time to studies and putting the finishing touches upon their adolescence. With changes to student demographics, recruiting policies, educational modalities, and financial aid practices, the traditional model of college attendance has become an endangered species, and, with it, traditional student exchange and reciprocity programs have possibly begun to feel an associated impact.

Decline in Numbers for Traditional-Aged College Students

One of the most dramatic changes in the higher education landscape in the last two decades has been massive demographic changes affecting all regions of the nation. The Midwest, in particular, has experienced a severe decline in population and reduction in the number of traditional-aged college students. Nathan Grawe (2018), Professor of Economics, Carleton College stated,

> The Northeast and the Midwest expect to lose 5 percent of their college-aged populations between now and the mid-2020s. Furthermore, and in response to the Great Recession, childbearing has plummeted. In 2026, when the front edge of this birth dearth reaches college campuses, the number of college-aged students will drop almost 15 percent in just 5 years.

A recent report from the National Student Clearinghouse® (2019) Research Center™ revealed a nationwide decline in fall college enrollments of more than 2 million students from 2012 to 2019. This trend can be expected to continue. According to the projections of high school graduation numbers from WICHE's (2016) *Knocking at the College Door*[5] reports, the Midwest region can expect around 720,000 high school graduates per year from 2020 until 2025, but will then see numbers drop considerably to around 670,000 by 2028.

For the Midwest (and the Northeast), the decline in the number of high school graduates and, therefore, in the number of traditional-aged college students has a major effect on tuition reciprocity programs like MSEP. To counteract the coming slump of traditional-aged students, more colleges are looking to aging millennials to fill the gaps, both as professional students and as non-traditional undergraduates (Bransberger & Michelau, 2017). Non-traditional-aged students are less mobile than younger students, as they often have full-time jobs and families which keep them place bound and limit the time they can devote to college. Thus, as the proportion of non-traditional-aged students grows, it is reasonable to assume that the value of student exchange and reciprocity programs will also decline, as such students are more likely to attend college close to home and/or via distance modalities (Bransberger & Michelau, 2017). Further, the COVID-19 pandemic has created uncertainty about the ways in which colleges will serve students, in the near and longer-term. Many students have already indicated if their classes are all online, they will likely stay home and possibly switch schools in order to save money rather than pay the higher price they had been willing to pay for a residential college experience (Adams, 2020).

Finally, for the traditional-aged college students who graduate from high school in the Midwest, changes in higher education and society have decreased the likelihood they will attend an institution in the Midwest. The market for traditional-aged college students is more competitive at a national and international scale than ever before (Han et al., 2019). Recruiters from across the nation seek out students, especially high performers at affluent high schools, to attend their public institutions (Burd, 2020). Such institutions are located in parts of the country where students might aspire to live and work, where there are mountains and oceans, and where there are other socio-cultural factors that might attract them (Simonton, 2020; Sundquist, 2017).

[5] The 2020 edition will be released on December 15.

Decline of the Traditional Residential College Experience

Since the needs of students and the behavior of institutions have both changed, the higher education marketplace of 2020 does not lend itself quite as well as it once did to the traditional, four-year, residential college model. This is because today's students are less likely to want or be able to take advantage of the historic college-going experience. As mentioned, older students often attend school part-time while working and caring for their families; less affluent students seek schools close to home where they can economize by living with their families; and many students today seek shorter, career-focused programs not long enough to warrant an out-of-state move (Skinner, 2019).

Another factor in the decline of the traditional residential college model is the growth of online education. According to the most recent *National Postsecondary Student Aid Study* from academic year 2015-2016, 10.8% of all postsecondary students are enrolled and earning a degree entirely online, with 50% of those students having dependents (National Center for Education Statistics, 2018). The most recent enrollment report from National Council for the State Authorization Reciprocity Agreements (NC-SARA) revealed a single year increase in out-of-state online enrollments from 2018 to 2019 of more than five percent (Straut & Boeke, 2020). As the proportion of online learning increases, the proportion of students seeking a traditional, residential college experience will also necessarily decrease.

Before the COVID-19 pandemic, online education was an option on many college campuses. Now it is a necessity, temporarily replacing face-to-face-on-campus instruction to reduce transmission of the virus. The "scramble to move online over just a few days this March did not go well. Faculty members were forced to revamp lesson plans overnight" and "students fled home" (Taparia, 2020). But this change has led to an opportunity for a renaissance in instructional modality with the creation of corresponding online degree programs. Faculty and lecturers are creating fresh approaches to online instruction, and educational technical firms are developing programs at a speed not seen in the past. By leveraging the opportunity presented by COVID-19, institutions are becoming more widely accessible and should be able to drop the cost of a college education in response to consumer demands. A recent article published in August 2020 stated, "In surveys, polling data and lawsuits, the message from students is clear: we expect to pay less for online instruction" (Burke, 2020). If the trends set in motion and accelerated by COVID-19 continue, the desire for student exchange programs will likely decrease.

Also contributing to the decline of the traditional residential college experience is the fact many colleges have redesigned their programs to align more directly with the skills needed in high-demand trades and with the needs of local employers (Schwartz, 2020). Combined with increasing recognition of the value of aligning curriculum with industry certifications, these program changes have led to a marked increase in the number of colleges seeking to offer stackable credentials (US Department of Labor, 2010).[6] Notably, stackable credentials are designed with the idea that students step in and out of college as they also attend to work and family. Such credentials are also designed knowing most students will not gain all their credentials at one institution. The designs of an increasing number of college pathways do not lend themselves to a traditional four-year residential college experience.

Finally, whether stackable or not, increasing numbers of programs are aligned with the needs of local employers. This means though the credentials students earn might transfer to other states and institutions, the connection to a local employer and, possibly, a job right after graduation do not transfer. Such short-term, locally aligned credentials are not usually the sort that draw students across state borders (unless they are the closest, local institution). In fact, these are the types of programs and credentials that encourage students to stay near home and develop their skills and careers embedded within their local communities.

[6] The U.S. Department of Labor defines a stackable credential as "part of a sequence of credentials that can be accumulated over time to build up an individual's qualifications and help them move along a career pathway or up a career ladder to different and potentially higher-paying jobs."

Increase in the Number of Students from Traditionally Underserved Populations

Besides the decline in the number of traditional-aged college students in the Midwest, another demographic shift has made an impact on higher education and holds implications for interstate reciprocity programs: the increase in the number and proportion of postsecondary students from traditionally underserved populations. In 2015-16, roughly 45% of undergraduate students identified as non-white, compared to 29.6% in 1996 (Espinosa et al., 2019). NCES projections suggest between 2016 and 2026, the enrollment of Black students will grow 20%; the Hispanic population of undergraduates will increase by 26%; and students from two or more races will grow by 36% (Hussar & Bailey, 2018).

In addition to recruiting students of non-traditional age, colleges are also recruiting more students from historically underserved populations. This shift is in response not only to the decline in the number of traditional-aged students but also in response to national and state completion and attainment agendas. These agendas emphasize and require such changes for institutions to remain in compliance with state and federal law. Students from first-generation families, low-income households, and ethnically underserved communities are also more likely to attend college close to home, part-time, and more flexibly than traditional-aged and demographically traditional college students. Increases in the numbers and proportion of postsecondary students from non-traditional backgrounds are also likely to result in a decrease in the attractiveness and value of student exchange and reciprocity programs. For these students, the cost to relocate to an out-of-state institution and losing immediate support from family and other community resources is not feasible; thus, they most likely would not benefit from a student exchange program.

Studies show students from low-income, first-generation, and traditionally underserved populations approach college in a very different way from their white, traditional-aged, middle-class counterparts of yesteryear. For example, first-generation students are far more likely than continuing generation students to choose two-year institutions. An NCES study found 52% of first-generation students in their population sample attended a two-year institution, while only 28% of continuing generation students chose this path. Also, non-traditional students are more likely to desire and need to stay near their families, remain in their communities, and attend school part-time and intermittently (Banks-Santilli, 2015).

Although MSEP and similar programs do reduce the cost of attending an out-of-state institution, the reduction in the price of tuition is often not, by itself, enough of an incentive to motivate non-traditional students to move away from home for college. Research suggests first-generation and other students from non-traditional backgrounds face a complex set of challenges and barriers as they seek a college education. Page and Scott-Clayton (2016) found, "Given this complexity, policy solutions that focus on just one barrier—such as college affordability—may lead to improved access but may not be the most effective use of resources if other challenges still stand in students' way."

Decline of the Out-of-State Tuition Model

Another pivotal change in the higher education landscape is the decline of the out-of-state tuition model, regionally and nationally. Historically, public institutions have charged out-of-state students a higher tuition rate than in-state students. In fact, this is the premise upon which student exchange and reciprocity agreements are founded. However, in many states, systems, and individual institutions, the difference between in-state and out-of-state tuition rates is decreasing, meaning students and families can access out-of-state institutions at a lower price point without the assistance of a student exchange or reciprocity program.

For example, in the MHEC region, there are several states and institutions where this is the case. Currently, five institutions in Illinois and one institution in North Dakota charge one tuition rate no matter the student's state of permanent residence.[7] Other institutions have athletic and merit scholarships or tuition breaks that bring out-of-state tuition down to in-state levels. For example, Southeast Missouri State University has the Redhawk's Achievement Award which covers the difference between non-resident and Missouri resident tuition for students with strong

[7] Bernoteit to Appel, Email from Stephanie Bernoteit, January 23, 2020; "Admissions Cost."

academic records ("Southeast Scholarships," 2020). In Michigan, at least five institutions either have one tuition rate or financial aid policies that often close the gap between in-state and out-of-state tuition rates.[8]

There are several reasons for the shift away from the traditional tuition model, originally created to charge a premium to students whose families did not live in the state and pay taxes that supported its public institutions. Economic analyses indicate the loss of revenue from not charging higher out-of-state tuition is compensated by the greater number of out-of-state students attracted to the school because of the price reduction (Smith, 2019). Also, educational policymakers have criticized the out-of-state tuition model in recent years as ineffective and inefficient. They argued such tuition models hinder students from attending the college that is the best fit to meet their individual educational goals and lead them to individual success. The result, they argued, is a widespread failure for students to reach their full potentials, which has a cumulative negative social and economic impact on states and the nation (Knight & Schiff, 2016). Regardless of the reason, if schools continue to abandon the out-of-state tuition model, tuition reciprocity programs have little left to offer students and families.

Increase in Educational Uncertainty Due to the COVID-19 Pandemic

Amidst the rapidly changing higher education and demographic landscape in place at the beginning of 2020, the COVID-19 pandemic swept in and disrupted the educational plans of even the most traditional students and institutions. The United States Department of Education, accreditors, states, institutions, and students are making significant decisions about postsecondary attendance amidst circumstances that change daily and limit the ability to make plans that reach more than a few months into the future. However, one consistent and pervasive trend has been the bright light the pandemic has shone on social and educational inequalities (Edelin, 2020).

Recently, we have seen a change in student behaviors related to postsecondary education plans and the COVID-19 crisis. A report from McKinsey & Company, published in May 2020, revealed more than one in five recent high school graduates have altered the selection of their first-choice school since January citing "finances, a desire to stay closer to home, and wanting to avoid coronavirus hotspots" (West, 2020b). A study from Moody's discovered states at the highest risk of falling enrollment are North Dakota, Rhode Island, Vermont, and New Hampshire, which have more than a 40% dependence on out-of-state or non-resident students. Robert McMaster, vice provost and dean of undergraduate education at the University of Minnesota – Twin Cities indicated "students from Minnesota and neighboring states are up 6% and 10%, respectively" and said, " that's probably due to the trend of students staying closer to home" (West, 2020b) noting "We are going to be a more regional and local university. The spheres of geography have certainly changed this year" (Binkley, 2020).

- Through numerous surveys and studies students have definitively stated they prefer face-to-face instruction. Inside Higher Ed posted a blog in April demonstrating 15 possibilities of how institutions could reopen in fall 2020. Niche, a company that provides research and data analysis, surveyed 10,000 students in response to 10 of these scenarios. The survey found students crave some facet of normalcy and are opposed to online learning as the sole method of instruction. Three situations attracted the bulk of undergraduate students, in-person classes, offering classes online and in-person simultaneously, and 3-4-week block schedules;
- 30% would be likely to transfer if their school continued online learning in the fall; and
- If taking online or hybrid classes students expect to pay less. "This could either indicate a misunderstanding of the cost to provide excellent online experiences or a devaluing of online learning by students." (Binkley, 2020).

"We expect to see an increase in gap years and, actually, gap semesters," said Angel Pérez, chief executive of the National Association for College Admission Counseling (NACAC). More students are taking gap years between high school and college due to COVID-19. According to a survey of 1,171 high school seniors conducted in April

[8] Appel, Notes from Phone Calls and Emails.

2020 by the Art & Science Group, of those, 16% say they will take a gap year (West, 2020a). Gap years, by tradition, include travel out of the country, internships, full-time work or volunteering, which will not occur if global borders continue to be closed and jobs are difficult to find. Jayne Caflin Fonash, education consultant and president of the NACAC board of directors stated, "I don't think they'll be doing it for the traditional reasons." Due to financial conditions, some students might want or need to earn more money to defray the subsequent cost of tuition or must help support parents or other family members who have lost jobs due to the economy. Others may have been impacted emotionally by the pandemic whether it is loss of family income creating stress or perhaps the death of a friend or relative.

With the current and future impact of COVID-19 on higher education, schools, such as Fresno State, are already planning on how to attract and accommodate local students who are home due to the pandemic (Jaschik, 2020). Further, some schools are looking into scholarship and tuition waivers for in-state students to help curb enrollment declines and serve resident students. For instance, the University of Nebraska announced their Nebraska Promise program earlier than planned due to the pandemic (Whitford, 2020). This program waives tuition and fees for Nebraska residents whose family income is less than $60,000 or who are eligible for Pell Grants. Evidence of the success of this program is already available as the institution's applications grew from 5.4% in April before the announcement of the program, to 15.8% in May. Programs like this at the University of Nebraska and a similar program at Albion College, will certainly encourage more students to stay close to home, in-state. The University of Kansas has made deposit and scholarship deadlines more flexible to accommodate students returning to their home state from out-of-state institutions. Matt Melvin, vice provost for enrollment management, "hopes that Kansas will see a net gain because it is perceived as a safe place, where the incidence of infection and death from the virus has been relatively low" (Hartocollis, 2020). During an August 2020 meeting of compact personnel who manage reciprocity and student exchanges for their regions, the impact of COVID-19 was discussed at length. The group predicted exchange program participation numbers will decrease for the 20-21 academic year. All are anxious for data and analysis to obtain a better idea of what the impact of COVID-19 might be on multiple levels in higher education and what strategies may need to be developed and implemented to change the trend.

STUDENT EXCHANGE AND TUITION RECIPROCITY PROGRAMS

Many states and institutions have reciprocity agreements that allow residents to attend colleges and universities in another state without having to pay full out-of-state tuition rates. There are three main types of reciprocity agreements: state border counties, state-to-state, and regional compacts.

Some states have reciprocity programs which extend only to students living in specific counties of a neighboring state or close to the state line. Midwestern examples include the Ohio Department of Higher Education's six tuition reciprocity agreements with counties in Indiana, Kentucky, Michigan, and West Virginia. These agreements allow residents to attend out-of-state institutions at in-state rates per Section 3333.17 of the Ohio Revised Code. These agreements are reviewed every two years, and enrollment data are collected and analyzed to assure parity in terms of the student exchange (McCann, 2020).

Another form of exchange is state-to-state reciprocity. This occurs when bordering states have an agreement to provide lower tuition for residents to attend public colleges and universities. A good example is Minnesota, which has such agreements with Wisconsin, North Dakota, and South Dakota (Minnesota Office of Higher Education, 2017).

Regional student exchange programs are found within the four regional higher education compacts: Midwestern Higher Education Compact (MHEC), New England Board of Higher Education (NEBHE), Southern Regional Education Board (SREB), and the Western Interstate Commission for Higher Education (WICHE). Even though all the compacts have exchange programs, each is uniquely constructed to meet the needs of its region. (See Appendix A for a summary and comparison[9].)

[9] Appendix A is a summary and comparison of all regional higher education compact student exchange and reciprocity programs.

NEBHE's Regional Student Program (RSP), is a hybrid which historically has been focused on providing tuition discounts for students attending academic programs unavailable at the public colleges in their home states. Additional options for eligibility were possible at some institutions, based on proximity, and at community colleges that wished to offer any of their programs. A policy change approved in 2018 allowed four-year colleges and universities to expand eligibility to any of their programs, which went into effect Fall 2019. The policy change resulted in a significant increase in program offerings and enrollment. The Academic Common Market (ACM) is a tuition-savings program for college students in 15 of the 16 SREB states who want to pursue degrees not offered by public institutions in their home states. Students can enroll in out-of-state institutions that offer their degree programs and pay the institution's in-state tuition rates. Unlike the other exchange programs, designated individuals in the SHEEO offices of the participating states play a key role in the administration of the Academic Common Market for their residents. Such administrators monitor the out -of-state programs to which their residents have access by comparing them to similar programs offered at their own public institutions. and maintain lists of academic programs at public institutions in their respective states. Therefore, they can verify that students enrolled under the ACM are accessing programs not available in students' home states. The institutions manage their own program inventories.

SREB also offers the Regional Contract Program (RCP) for professional degrees in healthcare and veterinary medicine programs. The RCP was the first regional education program at SREB, established in 1948, and allows states to offer their residents first-class educational programs in high-need fields — dentistry, medicine, optometry, osteopathic medicine, podiatry, veterinary medicine — without bearing the high cost of duplicating these programs in their own state. RCP institutions receive a negotiated contract rate from the student's home state to defray the total cost of their degree and some states require that the student work in that field in their home state for a specified time period after graduation. WICHE's student access programs offer a wide range of higher education options for students at undergraduate, graduate, and professional levels. The three different programs are:

- The Western Undergraduate Exchange (WUE), which allows out-of-state students to pay no more than 150% of in-state tuition at participating schools.
- The Western Regional Graduate Program (WRGP), which allows master's, graduate certificate, and doctoral students who are residents of WICHE member states to enroll in 800+ graduate programs at some 60 public institutions outside of their home states and pay no more than 150% of in-state tuition.
- WICHE's Professional Student Exchange Program (PSEP), which enables students in 10 western states and the Commonwealth of the Northern Mariana Islands to enroll in selected out-of-state professional healthcare programs and pay reduced tuition. States typically fund students to enroll through PSEP if a particular professional healthcare program is not available at one of their own public institutions.

THE MIDWEST STUDENT EXCHANGE PROGRAM

MSEP Begins: Saving Families Money, Expanding Students' Options, and Addressing Regional Brain Drain

The Midwestern Student Exchange Program's (MSEP) main goal, historically, has been to make attending out-of-state colleges and universities more affordable for Midwestern non-resident students, thus providing them a wider range of educational options for their postsecondary dollars. For institutions, MSEP has provided a way to fill seats in certain programs and attract out-of-state families and students in the hopes that ultimately those students would stay and work in the state where they attend college. Aside from these original goals and purposes, MSEP has also evolved into an important marketing, recruitment, and enrollment management tool for Midwestern institutions. At the time of its inception, MSEP met the needs of Midwestern students, families, institutions, and states. How well MSEP continues to meet that range of needs 25 years later is the key issue this report seeks to address.

Specifically, MSEP was created to result in the following outcomes:

> ... [T]he expansion of higher education programs

and institutional access opportunities for students, avoidance of unnecessary and costly duplication, assistance to colleges and universities in operating academic programs at optimal enrollment levels and expansion of enrollment diversity.[10]

Documentation of the original intent and goals of the program is sparse, but a review of documents and meeting minutes from the time of its inception reveal the following six basic goals for the program:

Goal 1: To increase higher education options for Midwestern students and families within the region.

Goal 2: To save money for Midwestern students and families.

Goal 3: To increase the diversity of students attending participating institutions across the region.

Goal 4: To fill seats in programs that might otherwise go unfilled.

Goal 5: To reduce program redundancy at institutions in the region.

Goal 6: To reduce regional brain drain.

To accomplish these goals, participating public institutions voluntarily agreed to charge out-of-state students no more than 150% of the in-state tuition costs for designated associate, baccalaureate, and graduate degree programs offered by designated institutions in participating states.

These exchange parameters mirrored those of the successful Western Undergraduate Exchange Program (WUE) implemented in 1987 by (WICHE), one of MHEC's sister compacts.[11] Unlike WUE, however, MSEP also allowed private institutions to offer a 10% discount of their tuition rates to out-of-state students. Both programs are simple and straightforward. Students enroll as a non-resident student at a participating MSEP campus in another MSEP state to receive the discount. All enrollment decisions are made at the discretion of the receiving campus, and that campus has the right to limit the level of out-of-state student participation and set specific admission requirements for students seeking admission under the program.

It is significant that MSEP started in the 1990s, a time when record numbers and proportions of students were heading to college across the nation (Smith et al., 1994), but also, a time when several Midwestern states were experiencing net student out-migration (L. Isaak, personal communication, May 5, 2004). At the time, there was also concern about the loss of college-going students and about the attrition of college-educated citizens in the Midwest.

For example, a 2004 report to the MHEC Commission indicated a continuing desire among regional stakeholders to use MSEP as a tool to "... fill unused Midwestern campus student capacity and to increase enrollments by recruiting high achieving students from out-of-state as part of a Midwestern brain gain strategy" (Midwestern Higher Education Compact, 2004). Even as recently as 2019, an independent evaluation of the MSEP program revealed a similar worry among state and institutional stakeholders (Farrell-Cole, 2019). Thus, a concern about Midwestern brain drain has persisted for the 25 years of MSEP's existence, within the region as well as from a national perspective in higher education trade publications and other news outlets such as *Inside Higher Ed*, *The Hechinger Report*, and *The Indiana Business Journal* (Peek, 2017).

MSEP Grows: Serving Students and Saving Money

As MSEP has matured and grown, data have been collected on an annual basis from participating institutions. Historical data show the program has been successful in creating savings for students and families. There has been a consistent increase in the number of out-of-state students using MSEP, which is an indication the program might promote increases in out-of-state enrollments

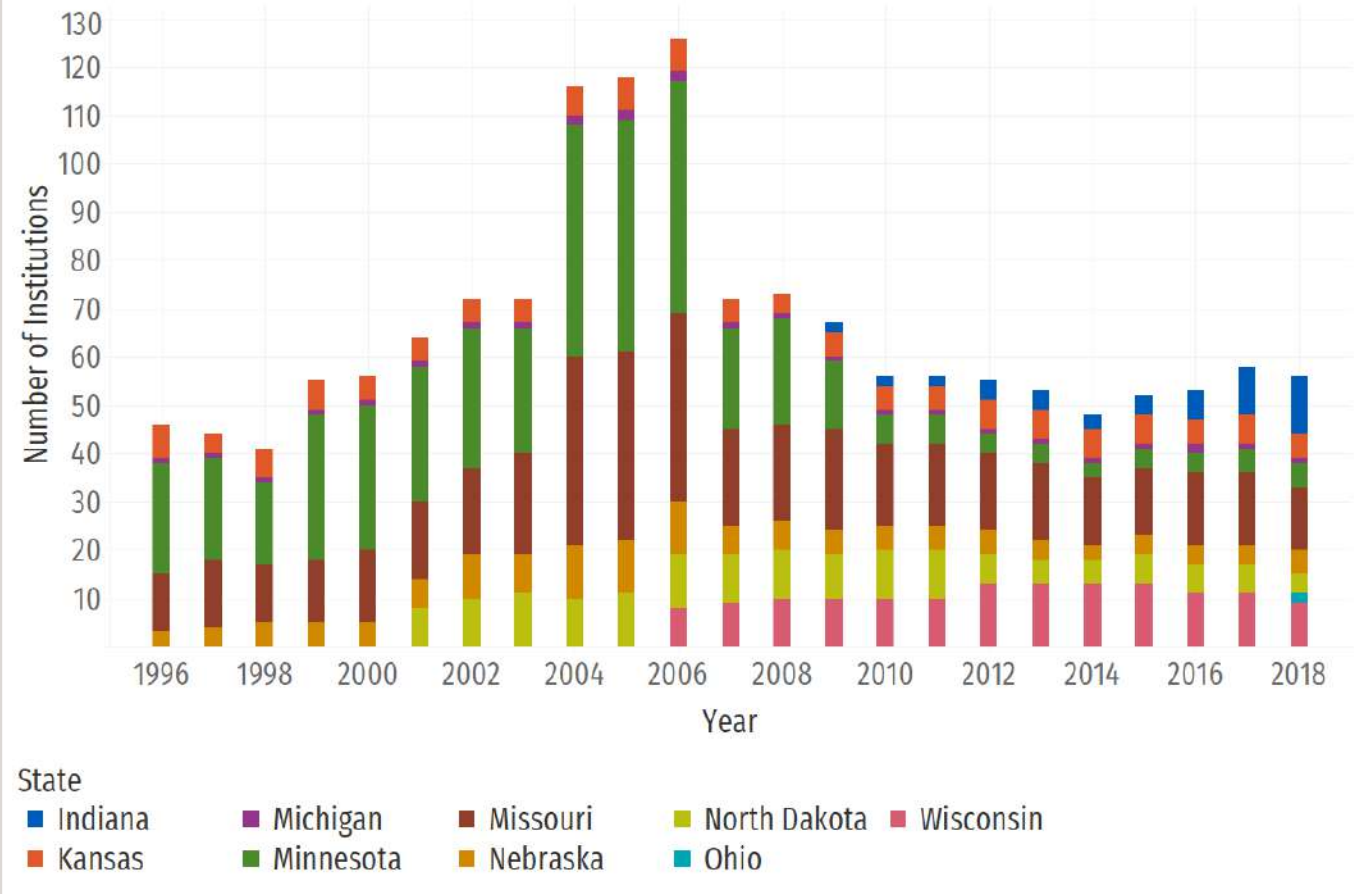
[10] From the 1992 Midwestern Higher Education Compact Agenda.
[11] There is also a similarity with SREB's Academic Common Market (ACM) which limits participation to programs at public institutions in other states that are not offered by public institutions in the student's state of residence. Unlike WUE and MSEP, however, the ACM requires participating institutions to offer these programs to out-of-state students at the same tuition rate as in-state students.

within most MHEC states. These same data show through participation in the program, students and families have realized significant cost savings over the last 25 years.

Although the level of student participation in the program has increased over the last 25 years, it has not done so in a universal nor a linear manner. In the first MSEP data report from 1996, there were four participating states (Kansas, Michigan, Minnesota, and Nebraska), 45 participating institutions, over 1,500 students, and approximate savings for Midwestern families of $1.3M. From there, state and institutional participation in MSEP grew, peaked in the mid-2000s, and dropped at the time of the 2008 recession as shown in Figure 1.

Illinois signed the Midwest Student Exchange Program State Participation Agreement in 2006 however, no Illinois institution joined in the program until 2010 when Lewis and Clark Community College stepped forward to participate. After their withdrawal, Greenville University joined in 2011 and participated until they chose to withdraw. In 2019, McKendree University signed a participation agreement but due to lack of following agreed upon policies were removed in 2021. MSEP data show that despite the institutions' membership no out-of-state students utilized the MSEP to attend institutions located in Illinois.

FIGURE 1. Number of MSEP Participating Institutions, 1996-2018



Since a low point of participation in 2011, the program has seen only modest rebounds in the number of institutions participating, but the number of students participating and the amount of savings accrued have increased substantially, as can be seen in Figures 2 and 3. The most recent data, from the 2018-19 fiscal year, indicate that 10 states (Illinois, Indiana, Kansas, Michigan, Missouri, Nebraska, North Dakota, Ohio, and Wisconsin), over 80 institutions, and over 13,000 students participated in the program with students and/or their families realizing over $93M in savings.

FIGURE 2. Student Enrollment in MSEP, 1996-2018

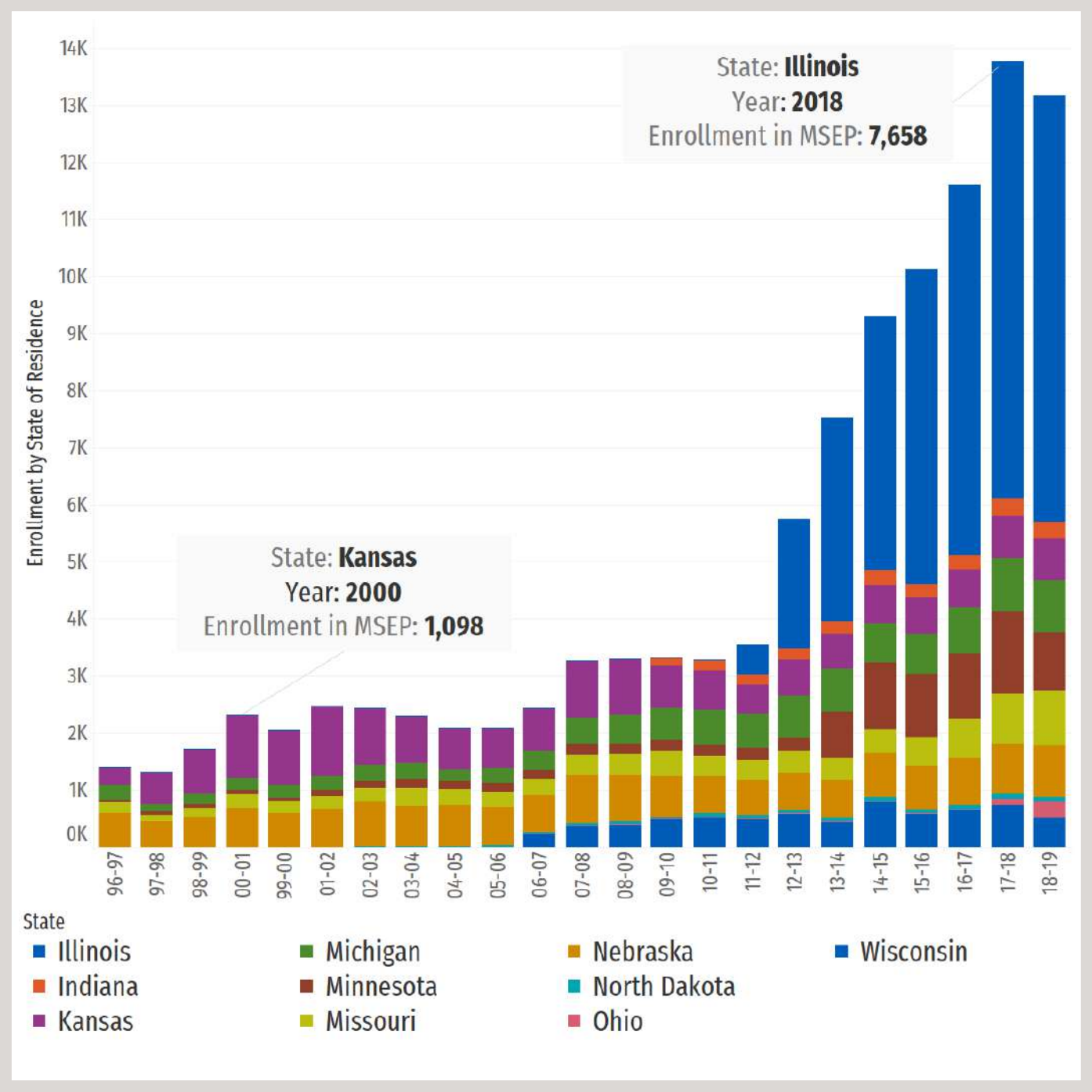
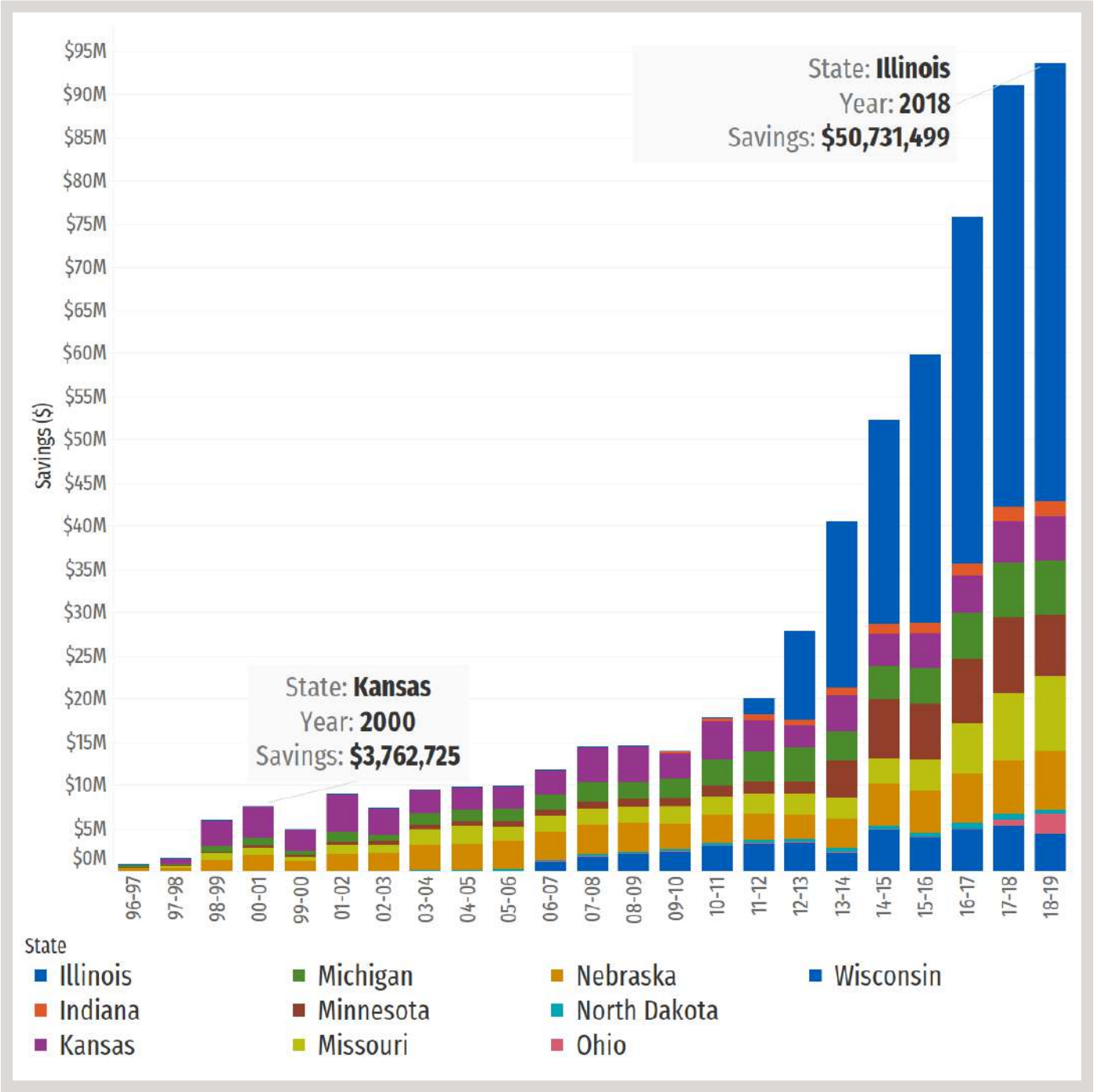


FIGURE 3. Student Savings from MSEP, 1996-2018



States and Institutions that Benefit Most from MSEP

As mentioned, the benefits of MSEP vary by states and institutions. Examples of states that have high MSEP participation rates and experience sizable net student in-migration include Indiana, Kansas, Nebraska, Missouri, and North Dakota. Interviews with state and institutional MSEP liaisons in these states revealed several reasons they believe MSEP works well for them. For example, there is a high level of program support from their state higher education executive offices; students come from border states and attend institutions near those borders via MSEP; recruiters are aware of the program and use it to their benefit; and institutions effectively market the program on their websites as well as via the MSEP webpage.[12]

Not surprisingly, the MSEP program was more positively perceived and more successful at institutions and in states where the program is more well-known and supported by state higher education leaders. Currently Indiana, Kansas, Minnesota, Missouri, North Dakota, and Ohio have links to MSEP on their state higher education executive offices' websites, a direct indication of awareness of and support for the program. Also, MSEP seems to be more highly regarded and utilized between bordering states without their own reciprocity agreements (i.e., IN-MI, MO-KS, IL-WI). More detail on cross-state usage can be found below in Table 1.

TABLE 1. MSEP Student Usage, 2019

Origin State	Wisconsin	Missouri	Kansas	Indiana	Nebraska	North Dakota	Minnesota	Ohio	Grand Total
Illinois	3,734	1,321	388	565	223	15	106	7	6,359
Missouri	70	7	512	137	126	11	14	2	879
Nebraska	18	526	292	6		4	27		873
Michigan	322	34	29	295	21	13	16	9	739
Kansas	24	338		28	263	6	5	1	665
Minnesota	9	50	142	24	312	108			645
Wisconsin		84	49	87	53	16			289
Ohio	51	25	11	140	12	10	8		257
Indiana	93	42	29		6	8	5	12	195
North Dakota	35	4	10	2	32		1	1	85
Grand Total	4,356	2,431	1,462	1,284	1,048	191	182	32	10,986

Note. The first column on the left, where states are listed in white boxes, are students' home states of residence, also known as their origin state. The top row, where states are listed in gray boxes, indicate where the institutions are located and attended by the out-of-state students (the white box). Darker shades indicate higher rates of utilization.

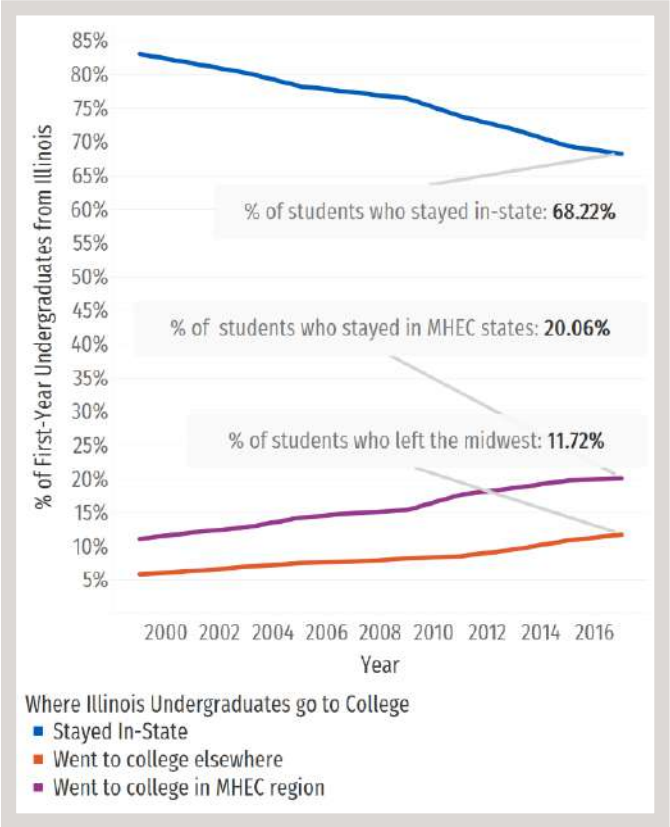
[12] Interview with Norma Fewell, Assistant Director Enrollment Management Analyst, Indiana State University.

States and Institutions that Benefit Least from MSEP

Unfortunately, amidst the overall growth and success of MSEP, not all states and institutions benefit equally from program participation. Since 2014, 15 institutions in five states have withdrawn from or reduced their participation in the program. Interviews with MSEP liaisons in these institutions and states indicated an array of reasons they decided to stop participating in the program (See Appendix B for interview subjects and questions).

For states, there are two main reasons cited for lack of interest in participating in the program: net student out-migration and flat rate tuition policies. The state most highly affected by new student out-migration is Illinois. For Illinois,[13] data indicate a large, consistent student out-migration over the eight years of its active participation in the program. During that time, recurrent calls have been made for the state to exit the program, as both political and media sources blamed MSEP for the net out-migration.[14] Illinois continues to face a decline in student enrollment from out-of-state and international students due to COVID-19. The state's largest college, University of Illinois at Urbana-Champaign (UIUC), first-year class size fell approximately 1.8% to 7,530 students and 277 students deferred admission in contrast with roughly 60 in a typical year. Undergraduate enrollment alone fell by about 350 students from record levels last year (Cherney, 2020). About 576 international undergraduate students terminated their educational pursuits for the fall 2020 semester at UIUC. However, data from IPEDs can confirm this trend began before Illinois' participation in MSEP (see Figure 5).

FIGURE 4. Where Undergraduate Students Go to College 2000-2018



[13] Illinois signed an MSEP State Participation Agreement Form in 2006. An article run in the Chicago Sun Times on February 12, 2007 announcing Illinois' participation in MSEP, failed to note the state was not yet an active participant due to lack of a participating institution causing confusion across the region. Ultimately, only one participating 4-year private institution started in 2011 and withdrew from the agreement in 2018 and a community college which participated from 2010 to 2017.

[14] Ironically, Illinois was a net-out-migration state prior to joining MSEP in 2006. Several studies document this pattern prior to 2011 and have explained this phenomenon independent of MSEP. See https://www.illinoispolicy.org/reports/illinois-youth-problem-more-millennials-left-illinois-than-any-other-age-demographic-from-2011-through-2014/; https://www.ibhe.org/assets/files/Outmigration2018Residence.pdf; https://will.illinois.edu/news/story/when-illinois-students-leave-the-state-for-college-who-reaps-the-rewards; https://medium.com/migration-issues/well-tracking-college-student-migration-is-surprisingly-easy-5ce988a88c6d)

Michigan is a state highly impacted by flat-rate tuition policies. For Michigan[15] participation in MSEP has declined in recent years as institutions in the state have phased out differential tuition based on in-state or out-of-state student residency status. There are many reasons state institutions make the decision to eliminate differential tuition rates. In states where public investment in public institutions is particularly high, the traditional argument for lower in-state tuition is in-state students and their families have already invested in the institutions via their taxes. Such an argument and tuition structure make less sense in states where public investment in public institutions is particularly low, as has been the case in Michigan in recent years (Jaquette & Curs, 2015). Also, in states where enrollment declines are experienced across the board, institutions must find ways to increase enrollments, often by reducing the premiums paid by out-of-state students and making it more attractive for them to attend institutions in their state.

It is not only states that have reaped fewer benefits from MSEP in recent years. Some institutions within states that experience a net student in-migration have withdrawn from the program. For example, in 2019, five long-time participating schools ended their ties with MSEP. When institutional representatives were interviewed, reasons for institutional withdrawal included the following:

- Institutions were focusing on students in their own states and wanted offer more of their educational opportunities and financial aid resources to them[16]
- Enrollments were already high, so the institutions felt no need to seek additional out-of-state enrollments.[17]
- Institutions could offer financial aid packages to most out-of-state students that were superior to discounts offered under MSEP.[18]

As a result of such institutional departures, states that house these institutions can become vulnerable to being placed into an inactive status in MSEP. This is because, according to MSEP policies, a state can only participate in MSEP if at least one of its institutions participates. This was nearly the case for Illinois and was the situation for Michigan in the fall of 2019. The result is Michigan students will not be able, as of school year 2021-2022, to attend MSEP institutions in other MSEP states. This is a significant issue, as the average annual savings for Michigan students and families who utilized the program from 2013 through 2018 was $4.6M. In the case of Illinois, if its remaining institution were to leave the program, the state would transition to an inactive status, and students and families would miss out on their average annual savings of over $35M.

Other Regional Exchange Programs are Not Losing States and Institutions

Curiously, conversations with exchange program staff at the other compacts indicate their programs are not experiencing a similar decline in the number of institutions that participate. In fact, there is only one other instance in which a state (North Carolina)[19] in another compact does not participate in its regional exchange program, while

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[15] In October of 2019, Michigan went into inactive status. Inactive status is when a state no longer has a participating postsecondary education institution but can be activated at any time when an institution agrees to join. This was new territory as there was not any procedure or process in place to help guide MHEC and the MSEP Council on how to handle the situation. This oversight occurring most likely due to not having one person consistently managing this program led to gaps in procedures and processes. Michigan and the other participating MSEP states came together and agreed upon a phase out plan for potential new students. Why did Michigan go on inactive status? According to interviews conducted with Michigan institutions many of them stated that they now provide all students, regardless of the state of residency, discounted tuition such that there is no additional discount available through MSEP.

[16] Interview with Ross Miller, Director of State Authorization, Indiana Commission for Higher Education; Interview with Stephanie Bernoteit, Executive Deputy Director, Illinois Board of Higher Education.

[17] Interview with Ross Miller, Director of State Authorization, Indiana Commission for Higher Education

[18] In many institutions, the rate of tuition students pay is highly individualized, with many out of state students paying less than the MSEP rate because of the flexibility institutions have to offer creative financial aid packages. See: Powell, "10 Ways Public Universities Reduce Out-of-State Tuition | Paying for College | US News."

[19] I In the case of SREB's Academic Common Market (ACM), only North Carolina does not participate, a decision made at the state level in 2010 when legislation was passed taking away from public institutions the ability to adjust their tuition rates.

MSEP has two nonparticipating states (Iowa and South Dakota), one state on inactive status (Michigan), and one state with only one participating institution standing between active and inactive status (Illinois). History provides only minimal context for understanding this pattern. There is no indication over the last 25 years as to why the state of Iowa has never joined MSEP. South Dakota chose not to participate in MSEP as it already took part in the student exchange programs offered by WICHE and felt well-served by the reciprocity agreements in place with its border states and communities.

Why do certain institutions in MHEC states no longer perceive as much value from participating in MSEP? And why is this trend not observed in the other regional reciprocity programs? Working from the list of reasons provided by staff at MHEC institutions, we asked staff at the other regional compacts if they had heard similar messages.[20] The staff at the other three compacts had heard from some of their institutions comments similar to those offered by personnel at MHEC institutions regarding a renewed focus on in-state students, high enrollments at certain institutions and in certain programs, and financial aid packages for out-of-state students that exceed the MSEP discount.

Amidst these similar statements, it is important to note none of the other reciprocity program staff had heard of institutions withdrawing from participation because of the reasons discussed. In fact, they wondered why any of the reasons proffered by the withdrawing MHEC institutions would necessitate or motivate a withdrawal from the program. For example, none of the reciprocity programs took seats in institutions or programs away from in-state students, as institutions control the number of students they admit under reciprocity, which programs are eligible for reciprocity, and the entry requirements of all students. Similarly, none of the reciprocity programs require a participating school to forego one financial aid package for another. This means, for example, an out-of-state-student who can get a better merit aid package than a package including the MSEP discount is free to do so, and the institutions are free to make such offers. One staff member at a sister compact wondered if perhaps there were rules and policies in MSEP that limited the freedom institutions had to safeguard in-state students and to offer optimal financial aid packages to out-of-state students. As such policies do not exist in MSEP, it is important to consider if there are significant and widespread misinterpretations of its rules and policies.

MSEP's Historic Program Performance: A Mixed and Incomplete Picture

The performance of a program is measured by comparing performance indicators against metrics which align with program goals. For the six MSEP goals referenced previously, only Goals One and Two have associated metrics, while metrics and data associated with the remaining four goals are largely unavailable. As a reminder, Goals One and Two are:

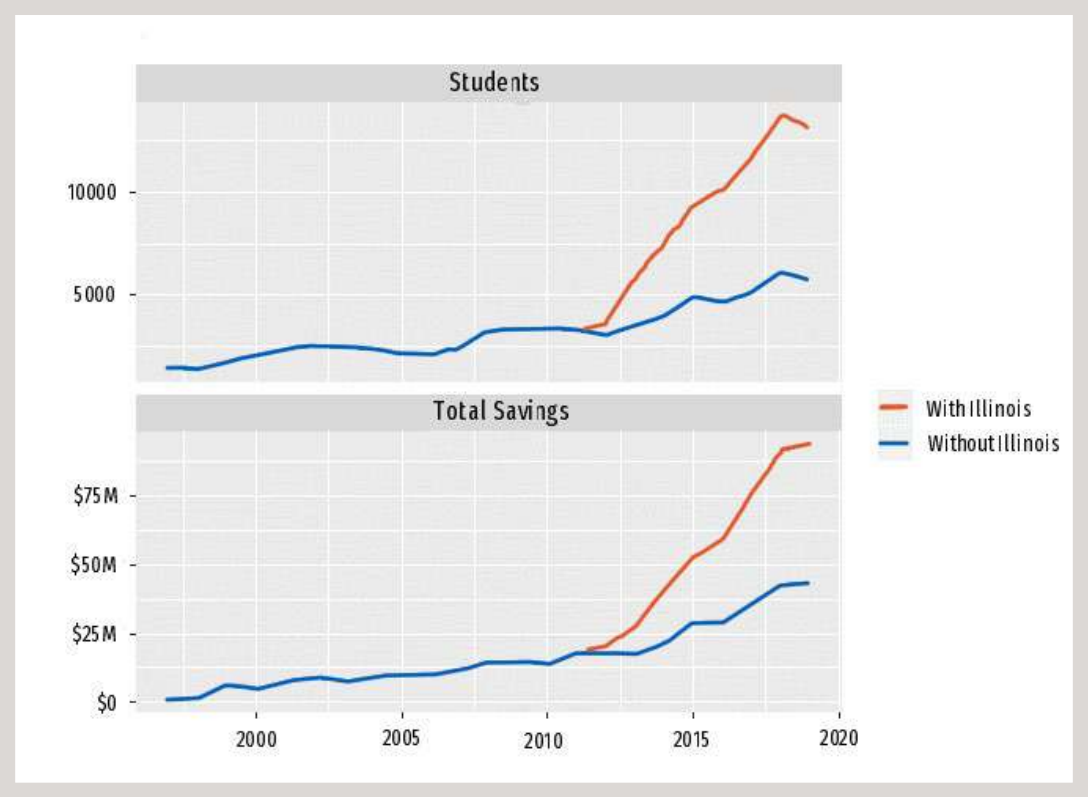
> **Goal 1:** To increase higher education options for Midwestern students and families within the region. *This goal pertains to a benefit for students and their families.*
>
> **Goal 2:** To save money for Midwestern students and families. *This goal pertains to a benefit for students and their families.*

MSEP data indicate Goals One and Two have been, and continue to be, met by the program. The number of students enrolled through the program has grown 836% since 1996, and the total amount of savings from the program has grown immensely, from $854,192 in 1996 to $90,954,000 in 2018, a total increase of 10,851%, as shown in Figures 2 and 3.

However, there are factors that mitigate the significance of these indicators. First, approximately 50% of the students participating in the program since 2011 are students migrating out of Illinois. If we look at the growth of the program since 1996 without data from Illinois, enrollment has grown 305%, and total savings have grown from $7,351,000 to $42,812,476 for a total growth of 4,912%. This distinction is displayed in Figure 5.

[20] Interview via email with Wanda Barker at SREB, Margo Colalancia at WICHE, and Wendy Lindsay at NEBHE. A chart of their specific responses is available in the materials appended to this report.

FIGURE 5. MSEP Enrollment and Savings Growth with and without Illinois, 1996-2018



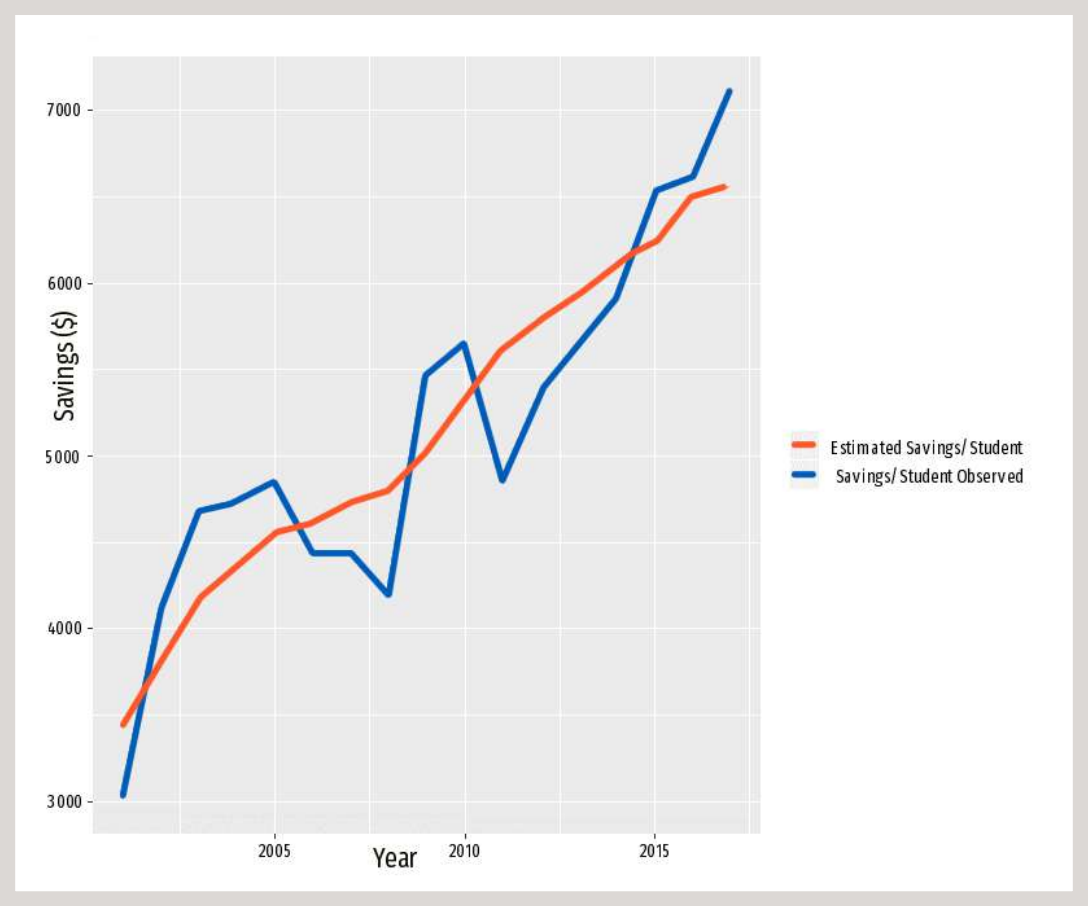
The second mitigating consideration is much of the growth in savings (both in terms of total program savings and on a per-student basis) is driven by the general increase in tuition rates during this time frame. For example, average out-of-state tuition at MSEP participating institutions increased from $7,280 in 2001[21] to $13,141 in 2018, an approximately 80% increase.

Assuming that per-student savings from MSEP is purely a function of the general increase in the price of out-of-state tuition it creates a trend line similar to the one based on observed data points, as shown in Figure 6.

A basic regression model using ordinary least squares on a time series suggests about 83% of the variation observed in the actual data is associated with rising tuition levels, leaving 17% of the variation attributable to other variables such as MSEP policy changes and student's choices of where to attend college. While this analysis is unable to rigorously define the increase of MSEP savings per student as a function of increased tuition rates, we believe it to be sufficient to illustrate rising tuition is a large component of increased MSEP savings overall.

[21] IPEDs tuition reporting requirements changed in 2001, so we decided to build our analyses from there onwards.

FIGURE 6. Estimated Savings per Student as a Function of Out of State Tuition and Observed Savings per Student, 2001-2018



As a reminder, Goals three-six are:

Goal 3: To increase the diversity of students attending participating institutions across the region. This goal pertains to a benefit for students, institutions, and the region.

Goal 4: To fill seats in programs that might otherwise go unfilled. This goal pertains to a benefit for institutions.

Goal 5: To reduce program redundancy at institutions in the region. This goal pertains to a benefit for institutions and the region.

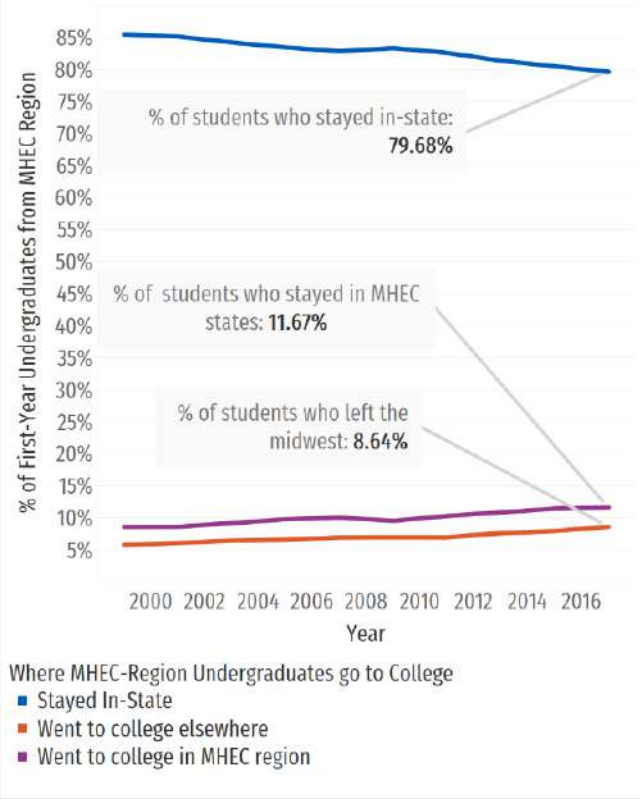
Goal 6: To reduce regional brain drain. This goal pertains to a benefit for the region.

Data pertaining to metrics aligned with MSEP goals three through six have never been collected. Due to FERPA concerns, most data about individual students have not been collected and have not been missed by program participants, according to a survey of institutions, State Higher Education Executive Officers, and MSEP Council Members conducted in spring 2020. Specifically, data gathered about students and their degree programs have not been used to determine if, and to what degree, MSEP students help fill seats in certain programs and, presumably, maintaining program viability.[22] Similarly, the data collected on the programs attended by MSEP students have not been used to examine if, and to what degree, the interstate exchange of students in the Midwest has reduced the redundancy of program offerings.

[22] From 2020 MSEP Annual Data Report Survey.

There has never been an analysis of MSEP and other student data to determine to what degree students migrating out of their states to attend college do so in other MSEP states (N=10) versus other MHEC states (N=12) and non-MHEC states (N=38). An analysis using IPEDS data provides some perspective on this issue. Figure 7 below shows the migration behavior of students from the MHEC states to other MHEC states, non-midwestern states, and those who stay in-state.

FIGURE 7. Migration Patterns of MHEC Region First-Year Undergraduates, 2000-2018

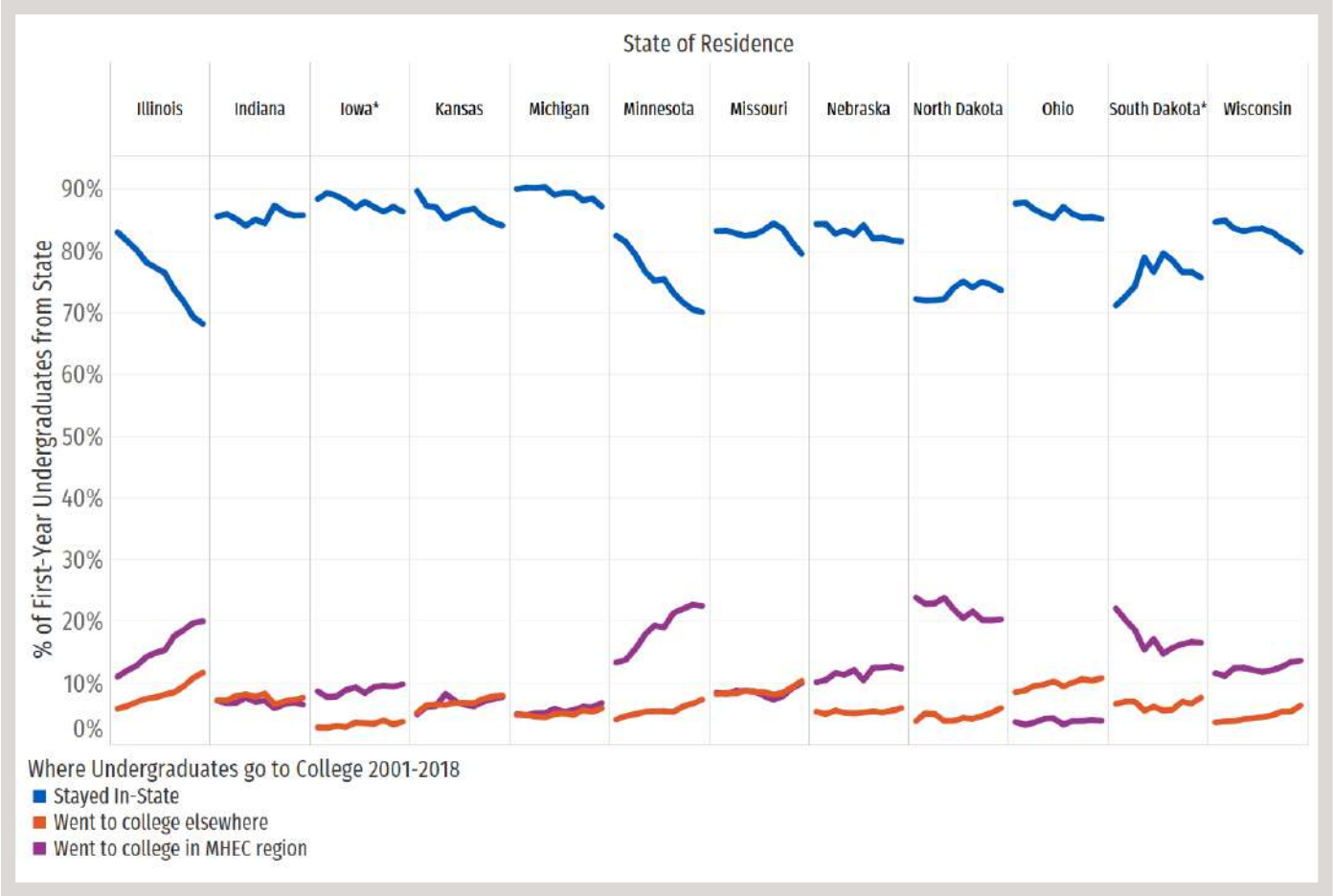


Results from the analysis of IPEDS data align with other findings of an increasing trend of students leaving the Midwest to attend college. For example, 5.87% of undergraduates from MHEC states attended institutions outside the region in 2001, with 8.64% doing so in 2018. However, these trends vary greatly between the states, as shown in Figure 7 and Figure 8. The two MHEC states not part of MSEP, Iowa and South Dakota, have noticeably different migration patterns from the MSEP average. Students from Iowa are more likely than the MHEC average to stay in-state and to stay within the Midwest region, while students from South Dakota have historically been more likely to head out of state but have not had a consistent trend over the last 20 years. Conversely, students from Illinois and Minnesota, two of the larger states in the compact, are trending to be more likely to attend out of state schools, making it difficult to discern if MSEP, as a program, has an impact on these underlying student migratory patterns. For additional information on state participation, student migration and savings, see Appendices C, D, and E.

In sum, over the 25 years of its existence, MSEP seems to have met two of its goals, though the degree to which the goals have been met is unclear, given the lack of benchmark data by which to gauge the program's performance on the metrics of student participation and savings. Increasing numbers of students participate in the program, but over half of those students today are out-migrations from Illinois. It is unclear, given available data, if MSEP has increased the rates at which students from participating states attend schools in other MSEP states rather than staying in their home states and/or attending schools outside the MHEC region.

The program seems to have met its goal of saving tuition for students who attend out-of-state schools in other MSEP states, but not at the dramatic rate of savings that appear at first glance. The graph of historic cumulative savings reveals a sharp upturn in savings attributable, once again, to the large number of Illinois students attending out-of-state institutions in the MHEC region. Similarly, when controlling for tuition inflation, the amount saved by students and families across the region, though still substantial, are not nearly as significant.

FIGURE 8. Migratory Patterns of MHEC Region First-Year Undergraduates by State, 2000-2018



Note. *State does not participate in MSEP.

To address the goals of diversifying student bodies and optimizing the numbers of certain programs across the region, the collection of MSEP data will need to be altered and improved, with clearer definitions for what is intended by the terms "diversity" and "nonduplicative" when operationalizing these goals.

Finally, regarding the program's effect on decreasing Midwestern brain drain, there are, again, no benchmarks from which to judge if MSEP reduces net out-migration from the region. We can see how many students from participating states attend out-of-state institutions in other MHEC and MSEP states versus non-Midwestern states. To address this goal in the future, it will be important to place the data pertaining to student participation in the context of all student migration in the region. (See Appendices D and E for migration trends.)

ANALYSIS: MSEP IN THE CONTEXT OF HIGHER EDUCATION RECIPROCITY AND EXCHANGE PROGRAMS

In many ways, MSEP resembles the student exchange programs at the other three regional compacts. There are specific organizational and definitional variations among the programs, but all function in a highly similar manner. What differs most among the programs are the numbers of students served and the administration of the programs at their respective compacts.

Numbers of Students Served

MSEP, though younger than the exchange programs of the other regional compacts, serves the second most students, about 13,000 annually in recent years as Table 2

TABLE 2. Student Participation in Regional Student Exchange Programs (2019-20 Academic Year)

	MHEC	NEBHE	SREB	WICHE
Number of Students Participating (including Illinois in MHEC's MSEP)	13,166	9,257	3,282	42,515 (WUE) 1,907 (WRGP)
Number of Students Participating (Excluding Illinois in MHEC's MSEP)	5,698	N/A	N/A	N/A

demonstrates. This high number of participating students relative to the other regional student exchange programs is somewhat misleading, however, since students from Illinois account for approximately half of all students participating in the program. If data from Illinois are removed, then the number of participating students more closely resembles those of the other compacts' programs.

Administration of the Reciprocity Programs at the Compacts

Student exchange and reciprocity programs at the other three compacts benefit from processes, procedures, and infrastructure which have not yet been developed for MSEP. For example, MSEP would benefit from improvements in documentation, training, staffing, and communication. For example, in the area of documentation, MSEP processes and procedures are detailed in only two places, the 1992 MHEC Agenda Book and the MSEP State Participation Agreement (MHEC, 2020). As most MSEP campus administrators and MSEP Council members have never seen these documents, it is difficult for institutions and MSEP Council members to adhere to policies and procedures. Moreover, some of the policies have not been followed at all while others have been put into place reactively rather than proactively.

There are several differences in how the regional compact student exchange and reciprocity programs are operated and maintained (see Chart Comparing Student Exchange and Reciprocity Programs of the Four Compacts in Appendix A). Only NEBHE requires each state participate; in MSEP state participation is voluntary.[23] Institutional participation may be mandatory or voluntary in the other compact's programs. For MSEP, institutional participation is voluntary. Finally, MSEP is the only one that allows private non-profit institutions to take advantage of the program.

While MHEC's MSEP program has the second largest savings of all the compacts, there is not a sufficient investment in IT or data collection. MHEC, being the first compact to utilize the internet for data capture, had an online data collection tool many years ago. However, it was abandoned during one of the numerous employee transitions.

Around 2015, MHEC updated the MSEP website and moved it into a new content management system which enabled institutions to edit their own program information on their MSEP webpage at a cost of approximately $10,000 to $20,000. Despite this change in hopes to keep the institution's data as current as possible, institutions do not always update the content and/or simply leave it blank. Therefore, MHEC staff review each webpage at least twice a year and reach out to institutions to remind them to update the contents. These efforts meet with mixed results; a significant number of institutional webpages remain incomplete, outdated, or blank.

Since this last investment in the infrastructure of the program, no additional upgrades to MSEP's technology have been made. Preliminary discussions of an upgrade that would mirror the upgrades implemented at WICHE in recent years indicate such improvements would cost approximately $50,000.

[23] All but one state participates in SREB's student exchange and reciprocity programs and that state withdrew participation legislatively.

The level of staffing for the student exchange programs at the other compacts' aid in their success. MHEC's MSEP has .25 FTE of employee time dedicated to program administration. This FTE has varied over the years from 1.0 FTE to the current 0.25 FTE. The present FTE does not reflect the time other MHEC staff have assisted with the project such as marketing, legal counsel, guidance from the president, and others. NEBHE, SREB, and WICHE all devote at least 1.0 FTE to their programs. Further, all three other compacts provide additional administrative and research support.[24] This allows for better communication with institutions, state higher education executive offices, and students.

Concerns and Issues with the Collection and Quality of MSEP Data

A careful review of MSEP data reveal inconsistencies in the way enrollments and discounts are reported to MHEC, thereby drawing into question some of the conclusions about program efficacy that can be gleaned solely from quantitative data. Collected annually via an Excel spreadsheet populated with formulas to calculate desired data points, the institutional data (Farrell-Cole, 2019) contain several types of recurring errors, including but not limited to:

- Students' states of residence which are not MHEC states, let alone MSEP states.
- Data that are incomplete or erroneous, requiring time consuming follow-up by MHEC staff.
- All students from MSEP states attending an institution are sometimes reported rather than just the students attending an institution under MSEP.
- Data submitted by MSEP state coordinating offices containing data for all system schools, whether those institutions participate in MSEP or not.
- Data collected and calculated using widely varying definitions.
- Students reported under MSEP who are attending schools under other reciprocity agreements.[25]
- Complicated and disorganized reporting systems in states and institutions (Grand Folks Herald, 2013).

In 2019, an independent, multi-method evaluation of MSEP was conducted. Interviews conducted as a part of that research revealed similar concerns with the data collection process:

> Institutions vary as for how MSEP students are tracked for accountability purposes. Most representatives indicated that the institution has a code to track all students from MSEP member states despite whether or not a student is on a specific scholarship and is using the MSEP tuition discount. Therefore, there is no special way to count MSEP specific students because of the different scholarship programs. Another institutional representative stated that they do not have any special means for tracking MSEP students; any student from an MSEP state is counted for the yearly MHEC data collection. (Farrell-Cole, 2019, p. 6)

Acting upon these findings, MHEC staff conducted interviews for this report with institutional and state personnel who submit data for the annual MSEP data report as well as with student exchange program staff at the other three regional compacts. Through these interviews, MHEC staff identified two main explanations for data inconsistencies and challenges. The first issue was the rate of turnover of staff in the offices responsible for institutional MSEP reporting and coordination. As staff turn-over, data collection and submission practices performed by one employee are often lost when such duties are assumed by another employee. It is not uncommon for the person new to these duties to lack knowledge of MSEP and therefore the context in which the data are reported as well as any peculiarities in the data submission process which have arisen and been addressed ad hoc over the years.[26]

The second explanation for data inconsistencies and challenges was the lack of guidance offered to institutions about the data elements they are required to report. Currently, no MSEP participation or data reporting guide exists, and data elements are not defined or aligned with

[24] See Chart Comparing Student Exchange and Reciprocity Programs of the Four Compacts in Appendix.
[25] Interview with Brenda Zastoupil, North Dakota University System, Financial Aid Director, December 6, 2019.
[26] Email Received by S. Appel, September 16, 2019.

a common third party set of data definitions. For example, interviews with institutional reporters indicate varying census dates are used to report MSEP enrollments, rather than requiring institutions to report from a standard date such as the 10th day of the semester, the official date of record for IPEDS reporting.[27]

Interviews with staff at the other regional compacts indicated there are multiple ways the compacts provide training and guidance for the collection of exchange program data, including user guides, online data collection interfaces, one-on-one tutorial sessions with new institutional reporters, and regular meetings of state-level exchange program liaisons.[28] This level of support offered to institutional staff reporting to other compacts is possible because of the higher level of staffing devoted to student exchange programs (see Appendix A).

Interviews with staff at the other regional higher education compacts also revealed complications with data reporting are mostly mitigated by their use of reporting protocols built into IT platforms. Each of the other compacts has made varying investments in the software needed to administer their programs, even when the programs serve fewer students than MSEP. These software solutions, in-house (NEBHE and SREB) and commercial third-party (WICHE), limited and checked data submitted by institutions, thereby ensuring data were valid and aligned with a consistent set of definitions. In some cases, institutions were able to upload their enrollment data automatically (SREB),[29] and in others, institutions only submitted information on enrollments and not on other data items such as tuition rates, as such research had already been conducted by staff at the compacts (NEBHE, WICHE). In these cases, compact staff needed only to audit and follow-up on a limited number of erroneous reports each year, while MHEC staff spend upwards of 80 hours reviewing institutional data submissions and following up accordingly.

OBSERVATIONS AND RECOMMENDATIONS

Several studies of the MSEP program have been conducted in recent years, set in motion by the number of institutions and states that have left or seem on the verge of leaving the program (Ferrell-Cole, 2019; Korba, 2019). The observations and recommendations of these various studies are highly similar and point to four main areas of program improvement and reconsideration: program goals, program policies, data collection, and program administration.[30]

Clarifying MSEP Goals

An essential first step to updating and optimizing the program would be to revisit, clarify, and reprioritize these and possible additional goals. As part of this process, it will be important to clarify the priority of goals as they provide benefits to different MHEC stakeholders. Each of the six goals has the potential to provide benefits to students, institutions, states, and the region, but only if policies and gathered data relevant to each goal are defined and optimized.

For example, the goal of increasing higher education options for Midwestern students and their families can be operationalized and evaluated to optimize benefits to students by allowing as many states and institutions to join and remain in the program as possible and to collect data on student migration rates within and outside the program. This example is one that the MSEP Council may consider based on what the goal(s) of the program are/is. Gathering additional data from students about their college choices and the effect of MSEP on those choices would be even more helpful. To understand and support this goal, more data will need to be collected from institutions about their recruiting and enrollment strategies and the role out-of-state students play in those strategies. Finally, if Goal One is to be helpful to states and the region, data will need to be collected and analyzed which can point to the benefit to states of having more interstate student migration within the MHEC region.

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[27] Interview with Norma Fewell, Assistant Director Enrollment Management Analyst, Indiana State University.
[28] Interview via email with Wanda Barker at SREB, Margo Colalancia at WICHE, and Wendy Lindsay at NEBHE.
[29] Interview with Wanda Barker at SREB.
[30] See Appendix G and H for additional evaluations on MSEP.

Specifically, one strategy outlined in a 2019 MSEP study might be:

> … [T]o reach out to National College Access Networks, and/or local college access organizations.
>
> a. College access organizations are better positioned than high school counselors to get the message out to students, as they work specifically in college access. High school counselors are spread very thin. Prioritizing college access groups over k-12 networking will get a higher return on time invested.
>
> b. College access orgs are also well positioned to inform MHEC about the needs/wants of students. (Korba, 2019)

Another important consideration as MSEP's goals are reevaluated is to prioritize issues of educational equity and diversity. Much more than was the case in 1994, diversity and equity are at the forefront of higher education policy. The goal of increasing the "diversity" of students attending institutions in the Midwest is unable to be evaluated without 1) a definition of "diversity" and "increasing diversity," and 2) the collection of data (baseline and program participation) which speaks at least to students' ethnic, socio-economic, and age status (Farrell-Cole, 2019; Korba, 2019).

Updating and Optimizing MSEP Policies

After clarifying and updating MSEP's goals, it will be important to update and optimize MSEP policies to meet those goals. There are several areas in which MSEP's policies differ from those of the other regional compacts' reciprocity programs. The policies of the other compact reciprocity programs might provide inspiration for improving MSEP's policies.

At NEBHE if a state does not pay their assessment, they lose their RSP benefit for residents and for institutions. MSEP, on the other hand, is the only one of the four regional reciprocity programs that disallows a state to participate in the program if none of its institutions participate. In such a case (i.e., Michigan), students in that state become ineligible to attend MSEP institutions in other states and receive the MSEP discount. When this occurs, students and families are denied important higher education options and savings. Further, recruiting institutions in other MSEP states must recalibrate their enrollment estimates and recruiting strategies. This policy is one higher education leaders in both Michigan and Illinois have asked MHEC to reconsider and possibly change.

There is another policy distinctive to MSEP: the discount offered at private institutions. The goal and strategy behind offering this discount is unclear, as is the rate at which it is used by students. There seem to be no complaints about this policy, but there is also no data or information to support it.

In the case of active state participation in its reciprocity program, SREB asks states to assign program approval and data collection duties to staff at SHEEO offices. In SREB, the compact requires states and institutions to offer out-of-state students a discount equal to in-state tuition rates. WICHE's Professional Student Exchange Program requires states to provide funds that subsidize the discounts offered by those participating programs. Such investments and decisions on the part of states mean they have more than a passive relationship to the program. As such, states more actively promote, update, and are invested in reciprocity programs.

NEBHE and SREB still adhere to the requirement the reciprocity programs only grant discounts for students attending academic programs unavailable in their home states. WICHE and MHEC do not have this as a condition, making it easier for students to study in other states, no matter their areas of study. Although this policy is helpful to students and recruiting institutions, it seems to undermine one of the original goals of MSEP, which was to fill seats in programs that might go unfilled and avoid the unnecessary duplication of programs within the region.

Also, regarding documentation, the MSEP State Participation Agreement and the MSEP Institutional Participation Declaration are overdue for a review and update and are housed in a manual that also contains policies and procedures which is uploaded to the MHEC MSEP website. Once such updates are completed, a webinar is needed to span the communication gap among all parties involved in MSEP. That webinar can also be uploaded for future reference. The MSEP Council needs to be engaged more than it has been in the past as their input is valuable and required per current policy.

Improving, Expanding, and Supporting MSEP Data Collection

All three MSEP studies conducted in recent years have identified ways in which MSEP data collection is sub-optimal. Throughout this report are specific examples of ways the collection of data is inconsistent, flawed, inadequate, and under-resourced. After the clarification of MSEP goals and the update of MSEP policies, the next most helpful way to improve MSEP would be to overhaul the collection of MSEP data. The key areas of improvement include:

- Creating and supporting an adequate IT interface for data collection.
- Writing and consistently updating a data collection and reporting manual.
- Requiring institutions to have staff undergo MSEP data training (and providing that training).
- Requiring an annual signed institutional data reporting agreement which includes institutional staff contact information and requires staff participation in data reporting training.
- Aligning data definitions with a third party set of definitions, where possible.
- Resolving FERPA concerns that will allow the collection of certain student-level data elements, particularly those relevant to equity goals
- Having the research department at MHEC assist with the collection of data and analysis of findings.
- Creating different annual data reports for different groups of MSEP stakeholders.
- Requiring an annual analysis of the program to determine how well it is meeting its goals.

The collection of accurate and meaningful data is crucial to determining the efficacy and impact of any program. The other three compacts have worked hard to create data collection systems more transparent, reporter-friendly, and aligned with reciprocity program goals. MHEC can, and should, do the same.

Improving MSEP Administration and Staffing

None of the improvements and updates to MSEP will come to fruition without larger investments in the program. Whether it is the level of staffing, IT support, marketing, etc., MSEP is easily the least resourced of the four regional reciprocity programs. Currently staffed at 0.25 FTE, the program is staffed at less than the 1.25 FTE of the next lowest staffed program (NEBHE, which has only 6 states participating) among the other compacts. In all the compacts, student reciprocity programs are part of the bedrock upon which the regional compacts are built. All the programs operate without revenues and are supported by state annual commitments. Compact priorities should dictate the level of investment in programs. Thus, a survey of the MHEC Commissioners and constituencies could help clarify the priority of the program and its associated level of funding.

If an evaluation and assessment of the program results in a higher level of funding and staffing, the improvements to goal setting, policy updates, and IT infrastructure could take place. In addition, the following is a list of enhancements that could also be implemented and benefit the program:

- Improvements in the MSEP website and guidance for students. One of the MSEP studies from 2019 indicated,

  > The MSEP website works well for someone who knows where they want to go, but I think it is hard to navigate for a student who is just starting to do the college search. Can we put together a one-pager with just the name of each participating institution, arranged by state, and the tuition data? At first, all you need is the overview. The website is a little overwhelming (particularly when the answer to nearly every question is "Contact the Campus Administrator;" Korba, 2019).

- Improvements in conveying and measuring the value of MSEP. Besides quantitative data, student testimonials could be gathered, as they are in the other regions. It would be beneficial to show the overall value of MSEP to participating states not only by sharing the tuition cost savings of residents who attend out-of-state institutions but also the amount of tuition dollars brought into their state by out-of-state students who are utilizing the MSEP.

- Improvements in program awareness could occur if MSEP staff attend conferences for high school guidance counselors, admissions professionals, workforce development initiatives, etc.
- Possible use of MSEP for apprenticeship, short-term, and other specialized offerings (i.e., online graduate coursework for concurrent enrollment teachers across the region).

CONCLUSIONS

MSEP and other student exchange and reciprocity programs are a foundational endeavor of the regional higher education compacts. The programs have served states, institutions, students, and families historically and continue to provide many benefits. However, as such programs were designed at a time when the higher education landscape and American society looked very different from today, a reconsideration and refresh of such programs is appropriate.

Key changes in the higher education environment which are likely to have an impact on student exchange and reciprocity programs include massive shifts in student demographics, the rise of online education, transitions in credentialing, new developments in financial aid and tuition practices, and, most recently, the accelerated and chaotic changes resulting from the COVID-19 crisis. The precise, causal impact of such changes upon student exchange and reciprocity programs cannot be demonstrated. Notwithstanding, the decline in state and institutional interest in the MSEP program in recent years could be an indication such programs no longer address the needs of as wide a variety of higher education stakeholders as was once the case. Evaluations of such programs which help align them with new compact strategic priorities and the current higher education landscape could allow student exchange and reciprocity programs not only to survive but also to serve the needs of a wider and more diverse group of compact constituents.

This study of MSEP reveals four areas for reconsideration and possible action, including a clarification of program goals, an update and alignment of program policies and procedures, improvements to data collection and analysis, and increases to resources and staffing. Actions of this sort would not only bring MSEP more in-line with student exchange and reciprocity programs at other regional compacts but also allow MHEC to understand better how the program is used in the region and how it might be altered to provide additional benefits to regional stakeholders.

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APPENDIX A

Chart Comparing Student Exchange and Reciprocity Programs of the Four Compacts

	MHEC	NEBHE	SREB	WICHE
Program Name	Midwest Student Exchange Program	Tuition Break	Academic Common Market	Western Undergraduate Exchange
Start Year	1994	1957	1974	1987 (WUE) 1981 (WRGP)
Participation	State and institutional participation is voluntary	All states and all public community colleges, state colleges and universities voluntarily participate due to their state's membership in the Compact.	All states but one participates due to an agreement in 1973 and institutional participation is voluntary.	All states participate and institutional participation is voluntary
Number of States in Compact	12	6	16	15[32]
Number of State Participating in a Student Exchange Program	9	6	15	15
Number of Participating Institutions	84	80	200	160 (WUE) 60 (WRGP)
Number of Students Participating	13,166	9,257	3,000	42,515 (WUE) 1,907 (WRGP)
Savings	$93M	$63.5M	$517M (2017)	$408.6M (WUE) $27.9M (WRGP)
Limited to Specific Academic Programs	No	No	Yes	No
Rate based on % of in-state	<150%	100% to 175%	In-state	<150%
Includes Private Institutions	Yes	No	No	No
Number of Staff for Program Management	1 – Program Manager (.25)	.25 – FTE Associate Director, Regional Student Program & Transfer Initiatives 1 – FTE Senior Director, Tuition Break (Regional Student Program)	1 – FTE Director 1 – FTE SREB employee 15 – State Coordinators (.25 each)	1 – FTE Director of Student Access Programs 1.15- FTE additional staff members
Amount of Funding for Program Management	Comes from dues not sure of the amount	Comes from dues not sure of the amount	SHEEOs pay for state coordinator time SREB employees are supported out of dues	Comes from dues

APPENDIX A

Chart Comparing Student Exchange and Reciprocity Programs of the Four Compacts

	MHEC	NEBHE	SREB	WICHE
Uses IPEDS Definitions for Data Collection	No	Yes	Yes	Yes
Data Collection Month	October	October	Summer	October
Method of Data Collection	Excel spreadsheet	Institution uploads Excel spreadsheet to secure Filemaker Pro database.	Data submitted by State Coordinators goes directly into an established database	Participating institutions update their WUE & WRGP listings and submit their enrollment counts via an online administrative portal that is powered by Salesforce.
IT Infrastructure	$0	IT Administrator sets up FileMaker Pro; no external investment	$50,000 - $55,000	$130,000 initial investment for development costs of online administrative portal and public-facing online "SAVINGS FINDER" "catalogues" for students/parents. Additional annual costs for software licenses and some improvements.

APPENDIX B

Interview Subjects and Questions

Those interviewed were staff from the other three compacts who manage their student exchange and reciprocity programs. The interview questions were:

- When did your exchange program start?
- What was the need the program was designed to meet?
- What are the "rules" for your program? Who can go where, under what circumstances, and for how much?
- How many people or FTEs are used to administer the program?
- What is the annual budget for the program?
- Has there been any sizable IT investment in the program?
- What are the "pain points" of administering the program?
- What are the future plans for the program?
- How often do you conduct a program evaluation? Can you share recent copies of any of those studies with us? How much time was allocated for the program evaluation?

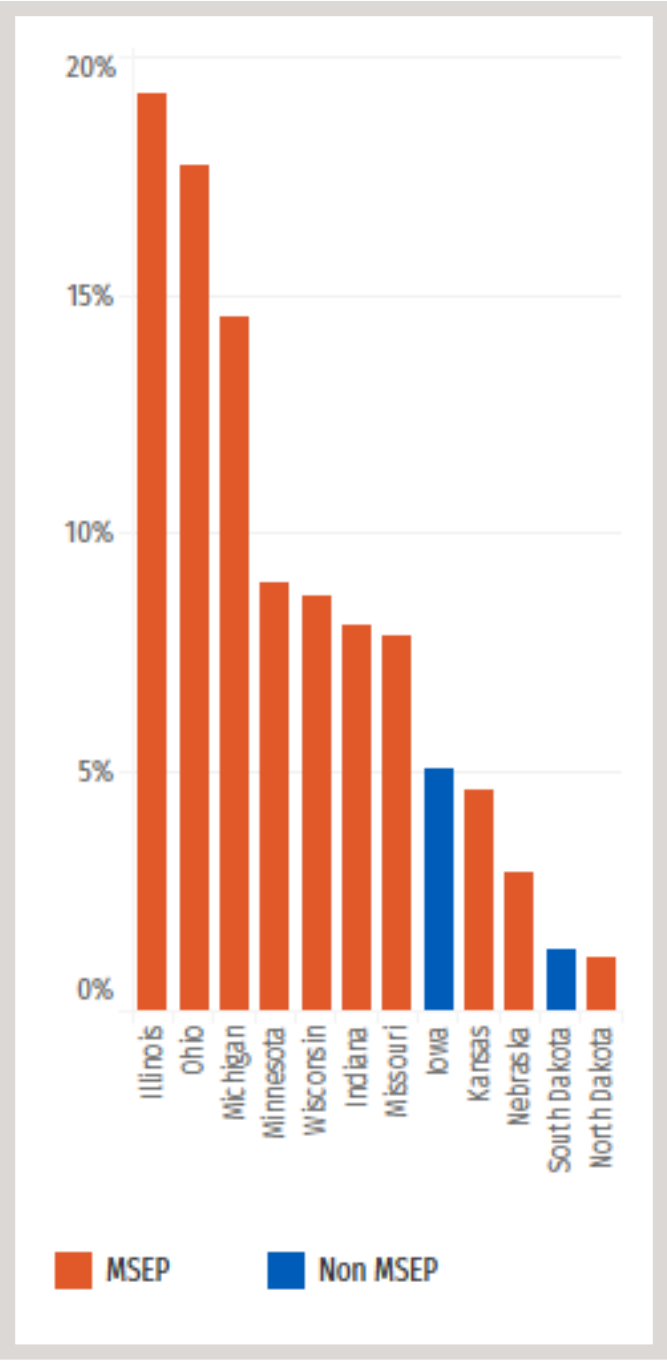
Those interviewed were members of the MSEP Program Council, admissions staff, registrars, and institutional researchers. The interview questions were:

- When did your state begin participating in the exchange program?
- What was the need your state saw for participation?
- Have you seen any changes in enrollment since joining MSEP? Were they positive or negative changes? Explain.
- How many people or FTEs are used to administer the program in your state?
- What is the annual budget for the program?
- Has there been any sizable IT investment in collecting student data at the state level?
- What are the "pain points" of administering the program?
- What are the future plans for the program?

Have you conducted a program evaluation or student migration analysis? How often do you do so? Can you share recent copies of any of those documents with us?

APPENDIX C

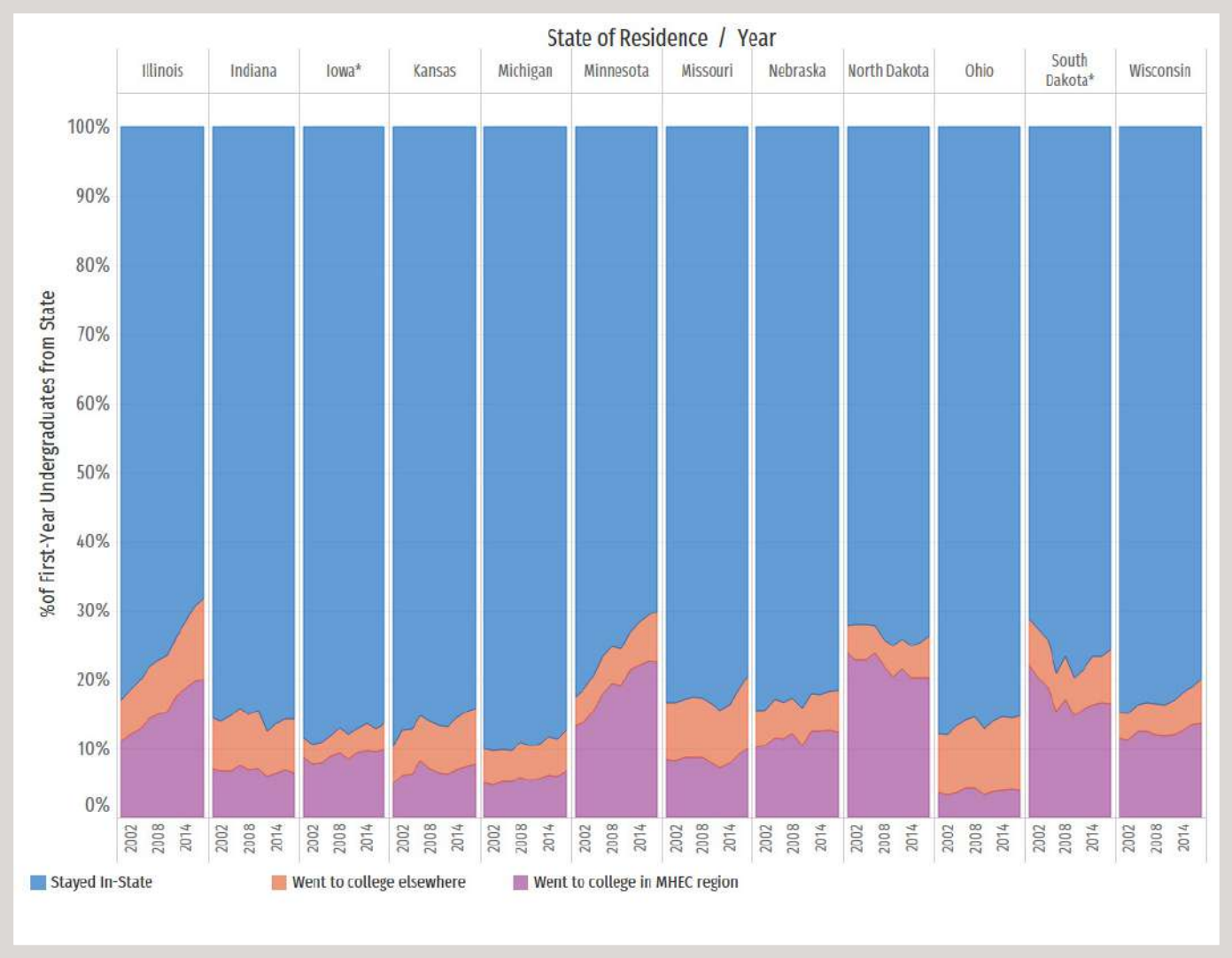
Chart Compact Student Exchange Student Exchange Programs



Percent of MHEC Region First Year Undergraduates from States, 2000-2018 (IPEDS)

APPENDIX D

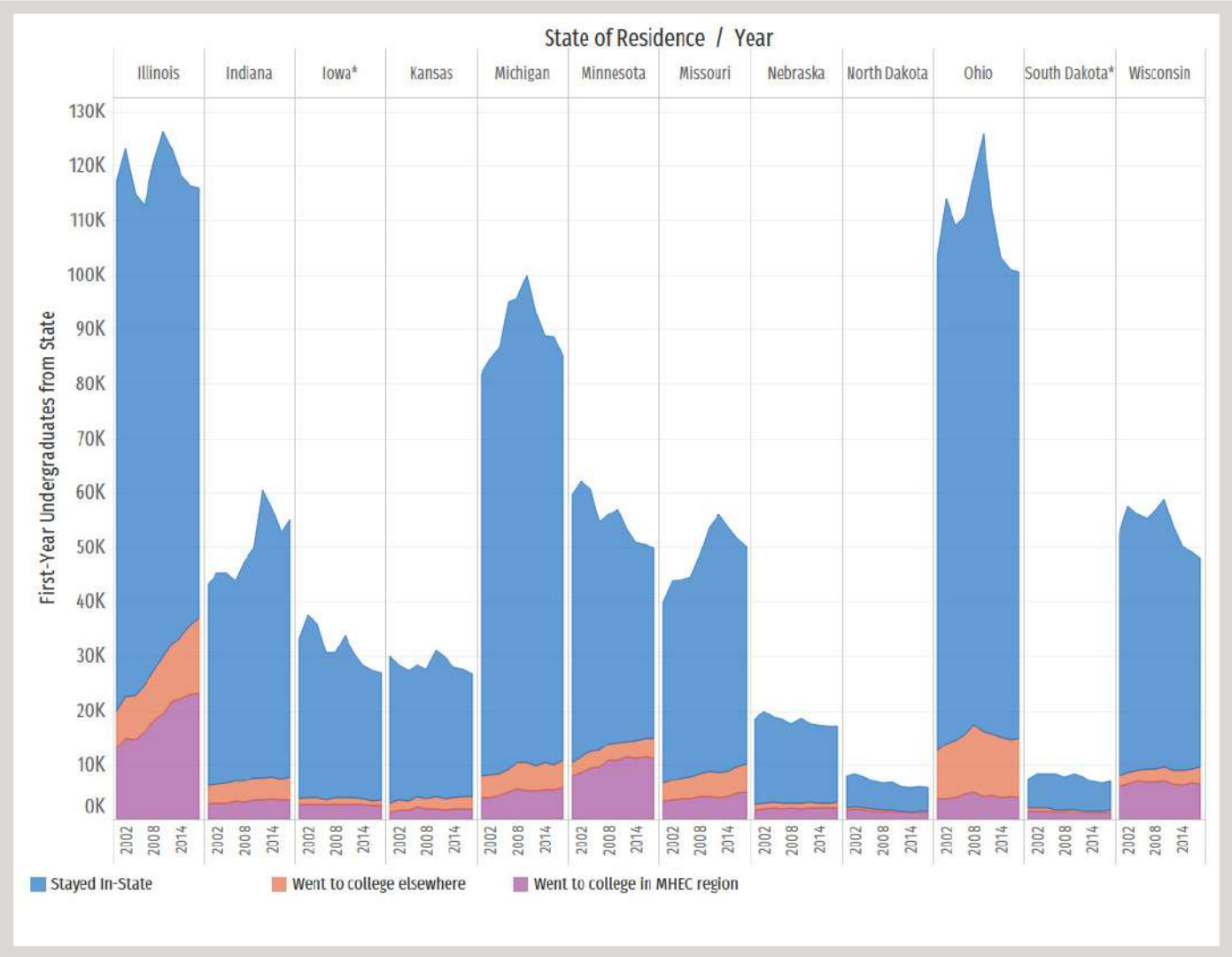
Where MHEC Region First-Year Undergraduates go to College



Where MHEC-Region Undergraduates go to College by State in Percentages, 2000-2018.
*Does not participate in MSEP. (EDS)

APPENDIX E

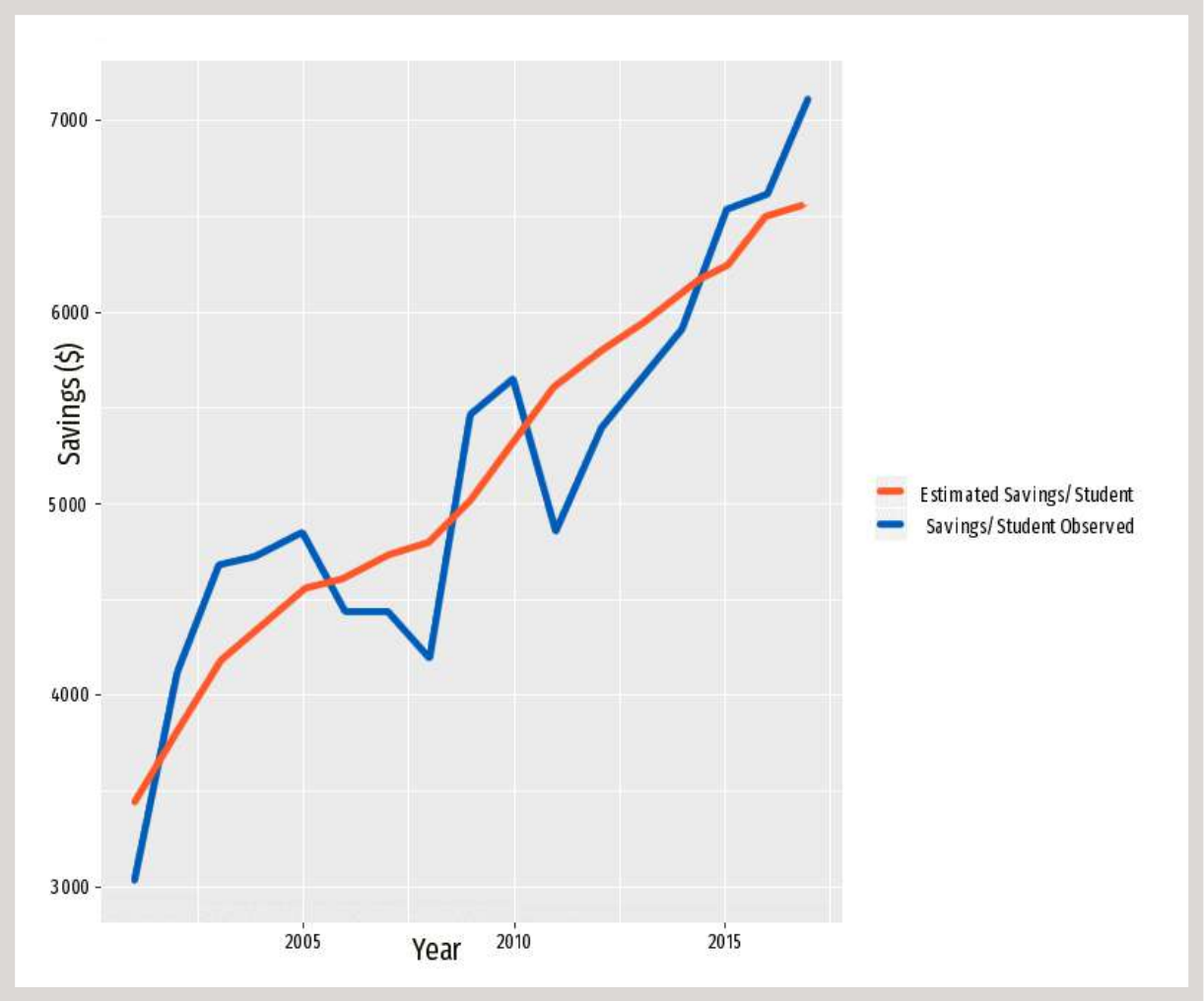
Where MHEC Region Undergraduates go to College by State in Absolute Numbers



Where MHEC-Region Undergraduates go to College by State in Absolute Numbers, 2000-2018.
*Does not participate in MSEP. (IPEDS)

APPENDIX F

Savings Trends



Estimated Savings per Student as a Function of Out of State Tuition and Observed Savings per Student, 2001-2018 (IPEDS)

APPENDIX G

MSEP Evaluation by Patricia L. Farrell-Cole, Ph.D. – January 2019

MHEC Midwest Student Exchange Program (MSEP) Evaluation

Patricia L. Farrell-Cole, Ph.D.

The Midwest Student Exchange Program (MSEP) is offered through the Midwestern Higher Education Compact (MHEC). Since 1994, MSEP has provided more affordable opportunities for students to attend out-of-state institutions. The MSEP serves as the Midwest's largest multi-state tuition reciprocity program. Currently, 10 of the 12 MHEC member states belong and have postsecondary institutions participating in the program. Each participating state "is encouraged to identify fields, programs, and institutions in other participating states to which it would like to have access to its residents." Participating public institutions agree to charge students no more than 150% of the in-state resident tuition rate while private institutions offer at least a 10% reduction on tuition.

Evaluation

MSEP staff initiated an evaluation of the MSEP in summer of 2018. Patton (1997) imparts that evaluation can serve three purposes: rendering judgments, facilitating improvements, and generating knowledge. This evaluation provides insight about the program from state and institution representatives, along with recommendations for improving MSEP. The goal of the evaluation was to answer three questions:

Why offer MSEP? A fundamental question for MHEC and institutions to answer.

- Why should it exist?
- Is the program meeting its mission and goals?
- Is it making a difference for the students? If yes, how?
- It is making a difference for the Institutions? If yes, how?

What does MSEP offer and how, if at all, can what it offers be improved?

- What makes MSEP needed?
- What is the value to the student?
- What is the value to the institutions?
- What is the value to the state?

How is MSEP offered and how can the "how" be improved?

- How efficient is the program?
- How effective is the program?

To help answer the questions, the following data were utilized:

- Interviews through a purposive sampling of state higher education representatives

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- Interviews through a purposive sampling of institutional higher education representatives – 4- and 2-year public institutions
- Interviews through a purposive sampling of K-12 state and college access representatives
- Literature on state higher education governance and finances
- WICHE's *Knocking at the College Door: Projections of High School Graduates*
- Interviews with WICHE and NEBHE student exchange program representatives

Context

The 10 MHEC states participating in the student exchange program are diversely governed: coordinating boards/agencies—IL, IN, MO, OH, and NE, system governing board—ND, two or more system governing boards—KS, MN, WI, or autonomous—MI. As stated in the MSEP State Participation Agreement, "…the appropriate postsecondary education agency will designate a single person as MSEP liaison and as a member of the MSEP Council." The 10 state designees reside at the state governance level, which is also referred to as the State Higher Education Executive Officer (SHEEO) agencies. The SHEEO governance roles vary tremendously across states. And because the SHEEO serves as both overseer and advocate, the dual roles can inevitably lead to conflict and ambiguity (Tierney, 2006).

Tandberg et al. (2018) further explains that SHEEOs are charged with the responsibility for representing the interests of the state as a whole, rather than those of the individual institutions. They go on to say that SHEEOs should leave autonomy of managing the day-to-day operations to the institutions. But because of the variation of SHEEO roles across the states, along with the state's political culture, there are those instances in which the university intentionality chooses to pursue objectives that differ from the SHEEO or state policymakers. Lane and Kivisto (2008) called this "passive divergences" specifically when the institution does it silently or behind the state agencies' back.

The SHEEO's role influences the success of MSEP. But, more importantly, MHEC and the MSEP Council have to consider the changing nature of higher education, including:

- High school graduates – the number of high school graduates is declining in many Midwest states (WICHE's *Knocking on College Door*, 2016)
- State appropriations – despite moderate increases in state support for higher education, "constant dollar state support of higher education per FTE student remains $1,000 lower than before the 2008 Great Recession and $2,000 lower than before the 2001 dot-com crash" (SHEEO, FY2017)
- Tuition policies – state institutions are increasingly dependent on tuition revenue (SHEEO, FY2017)
    - Some state SHEEOs or policymakers have set policies on the percentage or amount of yearly increases to tuition rates

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  - Some states or institutions have changed or are changing tuition policies. For example, several Michigan institutions have set one tuition for in- and out-of-state students; South Dakota is considering in-state tuition for students from six surrounding states; and several institutions located near the borders of other MHEC states offer in-state tuition
- Financial aid – institutions have made adjustments to their financial aid programs based on state goals and economic realities
- Goal 2015 – state policymakers or SHEEOs have set or developed access, transfer, and completion initiatives with the focus on meeting Goal 2025 (increasing the human capital of the state with 60% of the population holding high-quality postsecondary credentials (Lumina Foundation)) or increasing the state's human capital.
  - High school concurrent or dual enrollment programs – high school students can accrue up to 30 college credits for transfer to a postsecondary institution
  - Transfer initiatives – instituting general education (30 credit), associate degree (60 credit), common course numbering, and 3+2 programs
- Performance Funding – some states have implemented performance funding for public institutions of higher education with the focus on increasing human capital. The funding metrics primarily focus on college retention, transfer, and completion of students, which can impact an institution's appropriations if the goals are not met
- College Access Programs have been created in several states or large cities. Some programs belong to the National College Access Program (NCAP), including programs in Illinois, Indiana, Kansas, Michigan, Missouri, Minnesota, Missouri, Ohio, South Dakota, and Wisconsin (http://www.collegeaccess.org/Our_MembersState Perspective)

Findings

In 1994, the program's objective was to offer students opportunities to cross state lines to obtain a degree (associate, bachelor, or advanced) in a program or discipline not offered in his/her state. This is still true, but it is now a minor objective of the program. In the next several paragraphs, specific perspectives regarding the program from the state, institutional, K-12 or college access representatives are discussed.

The purposive sample interviews, which lasted between 30-45 minutes, provided in-depth input into why the states or institutions belong, the beliefs about the program, and how the program can be improved. The interviewees' responses illustrated the diversity of state governance, the political and economic realities, and institutional missions. Despite the differences, there are particular broad or overarching insights that guide the recommendations or questions for MHEC and the MSEP Council: (1) State Human Capital, (2) Participation in MSEP, (3) MSEP and Tuition, (4) Marketing MSEP, and (5) Tracking of MSEP Students.

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State Human Capital

States do not want to lose their best and brightest students, especially because many states are experiencing declining high school graduates and state appropriations; however, the program as it is today, is a zero-sum game (net migration of students). Interviewees signified that states belong because it is the right thing to do for political reasons (stigma if the state withdraws from the program because it has been part of since or near the beginning (1994)), while institutions sign the agreement to participate with the goals of marketing the institution to out-of-state students, increasing enrollment and diversity, and allowing opportunity. But, like a couple of states, some institutions are planning to withdraw or are questioning whether or not it should withdraw due to the economic realities of tuition discounting.

In times of scarce resources and accountability measures, states want to preserve the net migration of their college-age students to a minimum. As mentioned, states have also been assertive with college access and success programs through high school concurrent or dual enrollment programs, core credit transfer between 2- and 4-year institutions, free community college, and college access programs. For example, states have implemented: (1) concurrent/dual enrollment or early college programs so students will graduate from high school with college credits, and (2) transfer programs between 2- and 4-year institutions through institutional articulation agreements or statewide transfer agreements. As one state representative stated, the program is good for the student, but it is not in the best interest of the institution(s) or state for the reasons stated above. The state needs to focus on brain gain, not brain drain.

Participation in MSEP

Due to the changing nature of state economics, state and institutional representatives are having to have focused and important discussions regarding appropriations, tuition, and accountability (performance funding for some); thus, MSEP is not on the agenda especially at state convenings. However, institutions need to maintain their enrollments, and some institutions use MSEP as part of their enrollment management strategic plan. The institutional representatives want the visibility MSEP brings to their institutions. But this can lead some institutions being "passive divergence" or staying silent about their participation in MSEP and recruiting out-of-state students. As one stated, it is a "delicate balance" for their institution and its role within the state. On the other hand, some institutions are resistant to participate in MSEP because they are accountable to the state, and state or governing agencies oversight of appropriations, financial aid, and tuition.

In a couple of states, institutions participate because colleague institutions belong (do not want to be absent from the list and it is free). A few state flagship institutions belong and benefit from the program (have been participating since or near the beginning), and the regional universities also perceive the program as beneficial especially those institutions located along the borders of

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MSEP member states. Few community colleges participate because most students are not looking to attend an out-of-state 2-year college unless it is located near their home or it has a specialty program. One community college which sits near the border of another MSEP state will be exiting the program because the institution is losing financially with the 150% cap on in-state tuition. The institution joined because other 2-year institutions in the state had joined, but more importantly, it had offered a couple of specialty programs that brought students across state lines.

MSEP was originally set up to aid students to pursue specific degree programs that were not offered in their states. The lines have blurred over time due to institutions increasing the number of academic programs and the market-driven economy. Almost every institution offers all undergraduate programs except those that are cost prohibitive (i.e., nursing).

MSEP and Tuition

Some institutions refer to MSEP as part of its portfolio of options for students, and financial aid administrators try to meet the students where they are at. MSEP was beneficial in the past for some institutions, but because of the changing nature of higher education, the institutions now offer one-rate tuition to lure students or incremental merit scholarship programs to all out-of-state students based on high school GPA and ACT.

The MSEP Institutional Participation Declaration calls for out-of-state tuition to be capped at 150%. Several institutions now utilize the program as a merit scholarship by offering additional funding (or scholarships) on top of the 150% MSEP based on a student's ACT score and GPA. Therefore, MSEP is an opportunity for students not academically prepared and do not qualify for the other scholarships. In addition, some 4-year public institutions now offer transfer scholarships to students in MSEP or surrounding states, which helps makes the institution affordable and provides opportunities to pursue unique degree programs.

Marketing MSEP

The MSEP State Participation Agreement indicates that each participating state is responsible for publicizing the opportunities. For the state representative to promote or market the program is "counter-intuitive". The majority of institutional representatives did not know how their state agency was promoting the program. And in these times of scarce resources, state interviewees stated that they did not have the time or resources to promote the program. In addition, each state SHEEO or agency has different working relationships with the K-12 agencies and college access programs.

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Tracking of MSEP Students

Institutions vary as for how MSEP students are tracked for accountability purposes. Most representatives indicated that the institution has a code to track all students from MSEP member states despite whether or not a student is on a specific scholarship and is using the MSEP tuition discount. Therefore, there is no special way to count MSEP specific students because of the different scholarship programs. Another institutional representative stated that they do not have any special means for tracking MSEP students; any student from an MSEP state is counted for the yearly MHEC data collection.

Recommendations and Questions

The recommendations focus on: 1) Marketing and Outreach, 2) Leadership, and 3) Brainstorming with MHEC MSEP Council and selected institutional representatives.

MHEC Marketing and Outreach

States are supposed to publicize the program; however, this does not occur as specified in the MSEP State Participation Agreement. The reasons for not marketing MSEP are scarce resources and the SHEEOs' purpose (Tandberg et al., 2018). Therefore, the institutions do not rely on the states for marketing the program. The primary methods for marketing MSEP by the institutions include handouts, scholarship applications, regional representatives visiting designated high schools or fairs, institutional financial aid websites, and mailings to specified students in designated cities or states.

The following marketing recommendations are based on the interviews and literature (Hanover Research, 2014). Specifically, the state and institutional representatives suggest that MHEC play a larger role in branding and marketing the program across diverse medians and constituent groups.

- Enhance MHEC's MSEP website presence and responsiveness
  - Search engine optimization
  - A robust database of participating institutions. WICHE invested in a database (utilized SalesForce) that the institutions manage the specific content based on criteria
- Develop and utilize a social media strategy
- Have a presence on scholarship websites
- Purchase student contact information from ACT, etc., by specific criteria and direct market with potential students
- Have a presence at regional college fairs
- Promote MSEP to state Student Financial Aid Associations (SFAA)
- Provide marketing materials for institution admissions recruiters at fairs (e.g., pop-up banners, brochures)

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State K-12 departments are bureaucracies and the departments' purpose are not to promote specific higher education institutions or MSEP. Therefore, it is best to work with the regional education providers or college access programs in the MSEP states. The mission of college access programs is to help promote the importance of attending postsecondary education while helping the students (and parents) on institutional fit (i.e., financial, culture, academic programs, academic and social support).

- Collaborate with NACAC regional groups (Great Plans, Ohio, Missouri, etc.) – "counselors are craving professional development". MHEC can offer free professional development through webinars and conferences
- Market the program to K-12 programs outside of the state departments of education (brochures, posters, etc.)
    - Regional agencies (part of the state)
    - Statewide K-12 associations (PTA, principals)
    - State or local college access programs
    - High school counselors

The New England Board of Higher Education (NEBHE) offers a student exchange program. In talking to the director, she said that they have two staff running the program, so they have been creative by utilizing retired high school counselors to help conduct outreach and marketing activities.

MHEC Leadership

Public higher education institution administrators want something to hang their hat on with MHEC and MSEP. One idea is for MHEC to become a potential leader by providing institutions with trends or other key data to help them with forecasting and understanding the changing nature of higher education. For example, institutional representatives utilize WICHE's *Knocking of College Door* reports to guide enrollment management planning. How can MHEC help with enrollment manage planning that may include MSEP?

Questions for MHEC MSEP Council

The second primary recommendation would be to bring together the MHEC MSEP Council and a purposive sample of institutional representatives for a meeting to brainstorm and decide on the future direction of the program. Potential questions to answer:

- In the current and future environment, why offer MSEP? What are the goals of the program for MHEC states and institutions?
- Based on the interviews, there has been a slow creep from some of the state and institutional roles and responsibilities listed in the agreements. Besides the changing nature of higher education and state economics, another reason for the slow creep is the turnover

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of staff and the changing institutional enrollment management strategies. Are the state and institutional agreements conditions and responsibilities still appropriate?

- Roles and responsibilities
- Tuition and the 150% cap
- Degree program offerings – should the degree offerings be all, professional, boutique or unique

- Can MHEC make MSEP stronger by connecting MSEP with the Midwestern State Authorization Reciprocity Agreement (M-SARA)? Or, offer a program like WICHE's Interstate Passport where students can transfer lower-division general education credits across state lines?
- How should MHEC market the program, and what marketing responsibilities should be under MHEC responsibilities and which marketing responsibilities should be the institutions?

In conducting the session with the MSEP Council, the *MSEP Enrollment Data Report: Suggestions for Improvement* by Amy Johnson Korba (June, 2018) should also be utilized along with the yearly data reports.

In conclusion, the Midwest Student Exchange Program has been successful for its original mission and goals. It is not time to collaborate and determine its future success.

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APPENDIX H

MSEP Evaluation Review Completed by Amy Johnson-Korba – March 2019

Amy Johnson Korba
February 27, 2019
MSEP Evaluation Review

MAJOR ISSUES:

1. The Statement of Work (SOW) is written through the lens of student access. From the original document, MHEC "helps improve access to postsecondary education through the Midwest Student Exchange Program (MSEP)." The report is written through the lens of institutions and state agencies, creating a noticeable disconnect.

2. The SOW identifies key questions the evaluation will answer, particularly what value the program provides and to whom, the efficiency/effectiveness of the program, etc. The final report contains no criteria regarding how those value judgements will be assessed. Many of the key questions remain unanswered.

3. No methods/methodology section exists in the final report.

    a. In the SOW, the evaluator intended to use surveys of parents/students, surveys of institutions/state agencies, focus groups, and interviews. Only interviews were used.

    b. No students or parents were interviewed. Why was that decision made, and how did it impact the findings? There are no sample questions provided in the document for interviewing students/parents, so that decision was likely made early on. The disconnect between evaluating a program's ability to improve student access without talking to students is troublesome. If students/parents are not to be included, then the guiding assumption of the evaluation has to shift. The focus is no longer if the program improves student access, but instead if the program helps to fill an institutional/state need.

    c. There is no context for response rates, or demographics of the types of institutions the evaluator was able to speak to or not. The evaluator did not speak with someone from each MSEP state. A major challenge for all MHEC programs is finding solutions that work for diverse states and institutions. Ignoring voices from any area diminishes the integrity of the findings.

    d. Finally, the entire final report rests on the analysis of interviews by the evaluator, but transcripts of the interviews are not included in the appendix or elsewhere. With identifiers redacted, anonymity could be protected while providing validity to the analysis.

4. The sample is small, with important gaps:

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MSEP Evaluation Review Completed by Amy Johnson-Korba – March 2019

Figure 1: Table from external evaluator

Interviewee(s)	
State higher education representatives	5 state representatives of MSEP states
Institutional higher education representatives (purposive sampling of institutions based on involved in MSEP)	4-year Institutions: 12 institutions (1-2 people in interviews) – KS, MI, MO, NE, WI – including 2 flagship and 2 land-grant institutions
	2-year Institutions: 4 institutions – MO and WI
K-12 state and college access representatives	3 representatives: 2 state agencies, 1 from a college access network
WICHE and NEBHE	1 individual from each Compact

a. No students or parents. If the goal of the program is to improve student access, students/parents should be contacted. How did they hear about the program? What are the benefits/challenges for them personally? Tell us about the process of enrolling, interacting with the institution, etc. Did you look specifically for MSEP institutions, or did you choose your institution and then discover the MSEP discount? Was it recommended to you by your institution, your high school staff, or did you find it yourself online?

b. Key states, where MSEP has challenges, were not interviewed.

c. Institutions could potentially have very different experiences based on the size of the institution and their location. How do institutions on the borders feel? Large institutions? Private? There is little context around the institutional representatives who were interviewed.

d. Institutions that have participated but not longer do should have been included. Why did the program no longer work for them? Could changes be made that would mean this program provides value for your institution? While MHEC collects some information regarding institutions that end participation, the reason to bring on an external evaluator is that it potentially provides an opportunity for more frank, honest feedback. That would have been valuable.

e. Institutions can provide MSEP discounts to all students, or they can choose to include only selected programs. For institutions that offer only selected programs, how does that work for them? Have they seen growth in those program areas? Are there challenges—when a student transfers programs, or if other institutions change their offerings? MHEC could better serve institutions if we were more aware of the specific barriers both students and institutions face.

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MSEP Evaluation Review Completed by Amy Johnson-Korba – March 2019

f. WICHE and NEBHE insights are not appropriate for this evaluation. Conversations between MHEC and the other Compacts can provide meaningful benchmarking, and should be conducted, but the differences in how those programs developed and operate today make comparison challenging. The goal of the evaluation is not to assess the degree to which MSEP measures up against similar programs, but the areas of strength and weakness that exist in the program as it exists today. The inclusion of these interviews with the other Compacts muddies the waters.

5. The recommendations do not address the key findings. For example, the major findings (State Human Capital – 'Brain Drain', MSEP Participation, and Changes in Tuition packages) are fundamental issues regarding how the program operates. The recommendations (increase MHEC marketing efforts, and Develop key data trends to report to institutions) are not proportional to the findings. The findings suggest major structural changes to how the program operates are warranted. The recommendations do not reflect that.

6. The evaluation is flawed, but it does illustrate a few key issues that need to be further studied, at the least.

    a. Reporting is a problem. MHEC has seen this as well. Institutions struggle to submit data on time or submit bad data. The evaluator heard the same. Going forward, reporting needs a fix.

    b. No one is clear who should be actively marketing the program, and to whom. State higher education offices worry about losing students to other states, so they have no incentive to market it within their own state. Conversely, they do not have the resources to market to other MSEP states. Institutions see MSEP as one option out of many in their financial aid package, and in the end would prefer students pay full tuition, so they do not have a clear incentive to market the program. MHEC supports an MSEP website but has not taken marketing to the same level as WICHE, as it would be expensive. Institutions are required to keep their MSEP page updated, but often do a poor job. If the goal is to grow the program, then the question of who should market it and how needs to be answered.

    c. Flat rate tuition. If institutions do not charge differing levels of tuition for out of state students, then there is no reason for MSEP. It remains to be seen if a significant number of institutions will take that route, but it could become a larger issue. In general, financial aid packages that eclipse MSEP's mandates are a threat to the viability of the program as it exists today.

APPENDIX H

MSEP Evaluation Review Completed by Amy Johnson-Korba – March 2019

NEXT STEPS:

1. Determine the main goal of MSEP today. There is obviously overlap between stakeholders, but MHEC should be clear about the core constituency of the program. Clarity here will make all other decision-making easier.

Improve student access.	Increase institution enrollments.	Work with states to achieve attainment goals.
Student focused.	Institution focused.	State and workforce focused.
1. Survey students and parents. The only way to know if the program is improving student access is to ask students. 2. Survey k-12 representatives. 3. How could MHEC work to get the message of MSEP directly to students?	1. Is there a better mechanism than 150% of in-state tuition, particularly acknowledging that several institutions are switching to flat tuition rates? 2. Reporting is a problem. How could that be adjusted to collect the data MHEC is after while minimizing barriers for institutions? 3. How can MSEP be leveraged to draw back returners – perhaps returners who have moved to another state? (This could connect to a state attainment goal.) 4. International student rates are dropping.	1. Brain Drain is a state-level concern. Could MSEP drop the "Exchange" and improve access regardless of location? Perhaps the "discount" is not about state of residence but is instead for degree programs that fill a local need, and the funds come from employers. 2. There is an equity imperative here, too. How can MSEP be leveraged to improve access for traditionally marginalized populations? MI has expanded Opportunity Zones to get more low-income students into college. Could MSEP work in that space?

4

APPENDIX H

MSEP Evaluation Review Completed by Amy Johnson-Korba – March 2019

	How can MSEP help fill those seats?	3. How can workforce become involved? Coalitions in rural areas have been organizing to provide scholarships to local students to earn credentials that the local economy needs. Is there an opportunity for MSEP in this space?
MHEC should create or bolster each institution's stake in the program. Do they need to pay a fee to participate? The rule that students can only participate if one institution in their home state participates does not align. If no IL institutions want to participate, the only ones who are negatively impacted at IL residents.		
Equity should be a consideration in any next steps. How can MSEP help address achievement/opportunity gaps?		
Formal benchmarking with the other Compacts could be instructive. MHEC needs to determine how much time, money and effort we are willing to invest in MSEP, and those conversations could help bring some clarity around what it would take to make significant changes.		

MIDWESTERN HIGHER EDUCATION COMPACT
105 Fifth Avenue South, Suite 450 Minneapolis, MN 55401
(612) 677-2777 *office* (612) 767-3353 *fax* MHEC.ORG