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Tuition Reciprocity Data Overview



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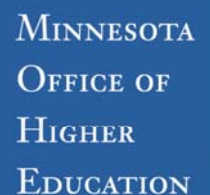
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About the Minnesota Office of Higher Education

The Minnesota Office of Higher Education is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to postsecondary education. The agency oversees state financial aid programs, tuition reciprocity, a student loan program, Minnesota's 529 College Savings Program, institutional licensing and an early awareness outreach initiative for youth. The agency serves as the state's clearinghouse for data, research and analysis on postsecondary enrollment, financial aid, finance and trends.

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Introduction

Minnesota's interstate tuition reciprocity agreements expand market choices and enrollment opportunities for state residents. In fall 2007, more than 24,500 Minnesota residents and nearly 19,500 residents of Wisconsin, North Dakota, South Dakota, Iowa and Manitoba were enrolled in public postsecondary education institutions as tuition reciprocity students.

Minnesota Statutes 136A.08, Subd. 7 requires the Minnesota Office of Higher Education to prepare an annual tuition reciprocity data report for the Minnesota Legislature. Specifically, the agency is required to report the following tuition reciprocity data before the last day in January.

- Enrollments
- Interstate payments
- Tuition rates
- Graduates from Minnesota public institutions

Background

The purpose of tuition reciprocity is the mutual improvement of educational advantage for the residents of Minnesota and other states or provinces with which agreements are made.¹

The state of Minnesota has state-wide and provincial-wide tuition reciprocity agreements with the following jurisdictions:

- Wisconsin – since 1968
- North Dakota – since 1975
- South Dakota – since 1978
- Manitoba – since 1989

The Minnesota Office of Higher Education is authorized to enter into tuition reciprocity agreements in consultation with the Commissioner of Minnesota Management and Budget and each affected public postsecondary governing board.² Tuition reciprocity agreements are not valid until approved by the University of Minnesota Board of Regents and the Minnesota State Colleges and Universities' Board of Trustees.³ The agreements are ongoing and reviewed annually by the Minnesota Office of Higher Education. The agreements exist as long as both states deem them to be beneficial for their students.

¹ Minnesota Statutes 136A.08, Subd. 2.

² Minnesota Statutes 136A.08, Subd. 2.

³ Minnesota Statutes 136A.08, Subd. 6.

Minnesota's tuition reciprocity agreements remove non-resident admissions barriers. Under the agreements, a Minnesota resident is to be considered for admission like a Wisconsin, North Dakota, South Dakota or Manitoba resident when applying to public postsecondary education institutions in those jurisdictions. Similarly, a resident of Wisconsin, North Dakota, South Dakota or Manitoba is to be considered as a resident of Minnesota when applying for admission to a Minnesota public postsecondary education institution.

General Fund Interstate Payments

Minnesota's agreements with Wisconsin and North Dakota are cost based. Costs are shared by students and each state's general fund with the following formula.

$$\begin{array}{r} \text{Marginal Instructional Costs per Student} \\ - \text{ Tuition Paid per Student} \\ \hline = \text{ State General Fund Obligation per Student} \end{array}$$

Marginal instructional costs are defined as 64 percent of instructional costs in the Minnesota-Wisconsin and the Minnesota-North Dakota agreements. Marginal instructional costs are an approximation of what it costs to add one student to an existing classroom of students. The tuition paid per student is subtracted from the marginal instructional costs per student to determine state general fund obligations per student. (See page 13 for details.)

Minnesota's net state obligation to Wisconsin for academic year 2007-2008 was \$1.9 million. Wisconsin's net obligation to Minnesota was \$12.4 million. Because Wisconsin's obligation to Minnesota was \$10.5 million higher than Minnesota's obligation to Wisconsin, the state of Wisconsin made a \$10.5 million payment to Minnesota. (See page 18 for details.)

Minnesota made a \$3.1 million payment to North Dakota for academic year 2007-2008 based on the 3,384 more Minnesota resident full-time equivalent enrollments in North Dakota public postsecondary institutions than North Dakota resident full-time equivalent enrollments in Minnesota public postsecondary institutions.

Institutions

Minnesota's tuition reciprocity agreements also expand the student market for postsecondary institutions. Institutions can cast a wider net at competitive prices to attract the type of students they desire.

The Iowa Agreement

The state of Minnesota has had a limited agreement between Iowa Lakes Community College and Minnesota West Community and Technical College since 1979. Periodically the Minnesota Office of Higher Education has asked the Iowa Board of Regents to consider expanding tuition reciprocity to include all public institutions in Minnesota and Iowa. The Iowa Board of Regents has not been interested in establishing state-wide tuition reciprocity with Minnesota.⁴

A Minnesota resident is to be considered as an Iowa resident when applying for admission to Iowa Lakes Community College. A resident of the Iowa Lakes Community College attendance district is to be considered as a Minnesota resident when applying to Minnesota West Community and Technical College.

Outcomes

Research has shown Minnesota's tuition reciprocity agreements have been beneficial to the state.⁵ Minnesota's percent of population 25 years and over with bachelor's degrees has consistently exceeded its reciprocity state neighbors.⁶

The Minnesota Office of Higher Education maintains basic tuition reciprocity data at: www.ohe.state.mn.us.

Reciprocity Participation

For the past 20 years there has been a steady increase in the number of students participating in tuition reciprocity. In fall 1985, for example, there were slightly fewer than 26,000 tuition reciprocity students. Today the number is over 43,500. About 24,000 Minnesota residents and roughly 19,500 residents of Wisconsin, North Dakota, South Dakota, Iowa and Manitoba were enrolled in public postsecondary education institutions as tuition reciprocity students in fall 2007.

The following tables present fall headcount enrollment data from Minnesota's tuition reciprocity agreements with Wisconsin, North Dakota and South Dakota. Historical fall headcount enrollment data are presented from 1985 to 2007, and fall 2007 headcount enrollment data are presented by institution. Fall 2006 headcount enrollment data show tuition reciprocity student enrollment was highest at public institutions located near Minnesota's borders.

Minnesota's tuition reciprocity agreements with Manitoba and Iowa Lakes Community College enroll relatively few students each year. In fall 2007, 199 Minnesota residents were enrolled in the five campuses of Iowa Lakes Community College and 77 Iowa residents were enrolled in the five campuses of Minnesota West Community and Technical College. In fall 2007, 28 Minnesota residents were enrolled in Manitoba and 37 Manitoba residents were enrolled in Minnesota.

⁴ For further information see: Erin Jordan and Lisa Ross: "Colleges look to 'steal' students from outside to further growth," Des Moines Register, September 7, 2006, Frank Santiago: "Out-of-state colleges lure few", Des Moines Register, February 8, 2001, and "In-state tuition, out of state, Chicago Tribune, November 19, 2007.

⁵ Peter Zetterberg and John Kellogg, How Many Reciprocity Student Remain in Minnesota After Graduation? University of Minnesota Office of Institutional Research, October 2002.

⁶ U.S. Census Bureau, American Community Survey, American FactFinder M1502, <http://factfinder.census.gov/>.

Minnesota-Wisconsin Reciprocity Enrollment

The following tables present fall headcount enrollments in the Minnesota-Wisconsin tuition reciprocity agreement. Total fall headcount enrollment from fall 1985 to fall 2007 is shown in Table 1. The data show persistent incremental increases in tuition reciprocity enrollment and stable enrollment ratios. Fall 2007 headcount enrollment by institution attended is shown in Tables 2 and 3. Institutions located near the Minnesota-Wisconsin border and the University of Wisconsin-Madison enrolled the most reciprocity students in fall 2007.

Table 1
Minnesota-Wisconsin Tuition Reciprocity
Headcount Enrollment: 1985 - 2007

Fall Term	Minnesota Residents Attending in Wisconsin	Wisconsin Residents Attending in Minnesota	Ratio
1985	8,659	4,579	1.9
1986	9,112	4,746	1.9
1987	9,428	5,557	1.7
1988	9,876	6,204	1.6
1989	10,122	6,782	1.5
1990	10,140	7,412	1.4
1991	11,150	7,856	1.4
1992	10,877	8,245	1.3
1993	10,377	7,242	1.4
1994	10,646	7,515	1.4
1995	10,719	8,184	1.3
1996	11,137	8,585	1.3
1997	11,500	9,361	1.3
1998	12,290	9,559	1.3
1999	12,742	9,283	1.4
2000	13,022	9,414	1.4
2001	13,142	9,816	1.3
2002	13,209	10,487	1.3
2003	13,277	11,014	1.2
2004	13,139	11,409	1.2
2005	13,595	11,418	1.2
2006	13,686	11,646	1.2
2007	13,726	11,308	1.2

Source: Minnesota Office of Higher Education

Table 2**Minnesota/Wisconsin Tuition Reciprocity
Headcount Enrollment by Institution: Fall
2007**

Minnesota Residents Attending	
Wisconsin Institutions	Headcount
U. W. - Madison	3,156
U. W. River Falls	2,884
U. W. Stout	2,214
U. W. Eau Claire	2,142
U. W. LaCrosse	1,156
U. W. Superior	1,047
U. W. Milwaukee	435
U. W. Stevens Point	329
U. W. Platteville	121
U. W. Green Bay	84
U. W. Oshkosh	70
U. W. Whitewater	57
U. W. Parkside	15
U. W. Marathon	5
U. W. Richland	3
U. W. Baraboo/Sauk	2
U. W. Washington Cty.	2
U. W. Waukesha Cty.	2
U. W. Fox Valley	1
U. W. Fond du Lac	1
U. W. Wood	0
U. W. Rock Cty.	0
U. W. Manitowoc	0
U. W. Marinette	0
U. W. Sheboygan	0
U. W. Barron/Rice Lake	0
Total	13,726

Source: Minnesota Office of Higher Education

Table 3**Minnesota/Wisconsin Tuition Reciprocity****Headcount Enrollment; Fall 2007**

Wisconsin Residents Attending Minnesota Institutions	Headcount
U of M - Twin Cities	5,575
Winona State University	2,128
U of M - Duluth	930
St. Cloud State University	605
Minnesota State University - Mankato	600
Century College	354
Lake Superior College	276
Rochester Community & Technical College	128
Minneapolis Community & Technical College	61
Metro State University	100
Inver Hills Community College	62
Bemidji State University	71
Vermilion Community College	56
Minnesota State University - Moorhead	71
U of M - Morris	44
U of M - Crookston	36
Normandale Community College	21
Southwest Minnesota State University	40
Anoka-Ramsey Community College	33
Fond du Lac Tribal and Community College	32
North Hennepin Community College	10
Mesabi Range Community & Technical College	10
Central Lakes College	10
Ridgewater College	18
Minnesota West Community & Technical College	5
Hibbing Community College	6
Riverland Community College	11
Northland Community & Technical College	8
Itasca Community College	2
Rainy River Community College	5
Minnesota State Community & Technical College	0
Total	11,308

Source: Minnesota Office of Higher Education

Minnesota-North Dakota Tuition Reciprocity Enrollment

The following tables present fall headcount enrollments in the Minnesota-North Dakota tuition reciprocity agreement. Fall headcount enrollment from fall 1985 to fall 2007 is shown in Table 4. The data show persistent incremental increases in tuition reciprocity enrollment and relatively stable enrollment ratios. Fall 2007 headcount enrollment by institution attended is shown in Tables 5 and 6. Institutions located near the Minnesota-North Dakota border enrolled the most reciprocity students in fall 2007.

Table 4
Minnesota-North Dakota Tuition Reciprocity
Headcount Enrollment: 1985 - 2007

Fall Term	Minnesota Residents Attending in North Dakota	North Dakota Residents Attending in Minnesota	Ratio
1985	5,360	4,131	1.3
1986	5,385	4,240	1.3
1987	5,537	4,461	1.2
1988	6,144	4,630	1.3
1989	6,380	4,763	1.3
1990	5,873	5,160	1.1
1991	5,731	4,974	1.2
1992	5,936	4,742	1.3
1993	6,062	4,582	1.3
1994	6,120	4,003	1.4
1995	6,150	4,168	1.5
1996	6,129	4,295	1.4
1997	5,967	4,267	1.2
1998	5,967	4,560	1.2
1999	6,021	5,049	1.1
2000	6,393	5,357	1.2
2001	6,636	5,663	1.2
2002	6,912	5,818	1.2
2003	7,427	5,931	1.3
2004	7,732	5,816	1.3
2005	8,089	5,931	1.4
2006	8,094	5,874	1.4
2007	8,361	5,721	1.5

Source: Minnesota Office of Higher Education

Table 5

Minnesota-North Dakota Tuition Reciprocity

Headcount Enrollment by Institution: Fall 2007

Minnesota Residents Attending North Dakota Institutions	Headcount
North Dakota State University - Fargo	4,439
University of North Dakota - Grand Forks	3,396
North Dakota State College of Science - Wahpeton	281
Valley City State University	109
Mayville State University	72
Lake Region State College	16
Minot State University	18
Dickinson State University	15
Bismarck State College	12
University of North Dakota - Williston	0
North Dakota State University - Bottineau	3
TOTAL	8,361

Source: Minnesota Office of Higher Education

Table 6**Minnesota-North Dakota Tuition Reciprocity
Headcount Enrollment by Institution: Fall 2007**

Minnesota Institutions	Headcount
North Dakota Residents Attending	
Minnesota State University - Moorhead	2,292
Minnesota State Community & Technical College	1,295
Northland Community & Technical College	993
University of Minnesota - Twin Cities	588
St. Cloud State University	128
University of Minnesota - Duluth	90
Minnesota State University - Mankato	65
University of Minnesota - Crookston	64
Bemidji State University	58
Lake Superior College	18
Ridgewater College	18
Alexandria Technical College	15
Southwest Minnesota State University	13
Minneapolis Community & Technical College	11
Winona State University	11
Metro State University	9
Century College	8
Normandale Community College	6
Rochester Community & Technical College	5
University of Minnesota - Morris	5
Minnesota West Community & Technical College	3
Riverland Community College	3
St. Cloud Technical College	3
Dakota County Technical College	3
Hennepin Technical College	3
NW Technical College - Bemidji	2
Central Lakes College	2
North Hennepin Community College	2
Anoka Technical College	2
Itasca Community College	2
Anoka-Ramsey Community College	1
Minnesota State College - Southeast Technical	1
St. Paul College	1
Vermilion Community College	1
Inver Hills Community College	0
Fond du Lac Tribal and Community College	0
Hibbing Community College	0
Mesabi Range Community & Technical College	0
Pine Technical College	0
South Central Technical College	0
Rainy River Community College	0
Total	5,721

Source: Minnesota Office of Higher Education

Minnesota-South Dakota Tuition Reciprocity Enrollment

The following tables present fall headcount enrollments in the Minnesota-South Dakota tuition reciprocity agreement. Fall headcount enrollment from fall 1985 to fall 2007 is shown in Table 7. The data show persistent incremental increases in tuition reciprocity enrollment and relatively stable enrollment ratios. Fall 2007 headcount enrollment by institution attended is shown in Tables 8 and 9. Institutions located near the Minnesota-South Dakota border and the University of Minnesota-Twin Cities enrolled the most reciprocity students in fall 2007.

Table 7
Minnesota-South Dakota Tuition Reciprocity
Headcount Enrollment: 1985 - 2007

Fall Term	Minnesota Residents Attending in South Dakota	South Dakota Residents Attending in Minnesota	Ratio
1985	1,027	1,707	0.6
1986	1,038	1,950	0.5
1987	903	1,960	0.5
1988	968	2,098	0.5
1989	1,098	2,099	0.5
1990	1,233	2,051	0.6
1991	1,451	2,066	0.7
1992	1,638	1,965	0.8
1993	1,726	1,595	1.1
1994	1,923	1,512	1.3
1995	1,965	1,543	1.3
1996	1,867	1,623	1.2
1997	1,821	1,634	1.1
1998	1,754	1,821	1.0
1999	1,731	1,992	0.9
2000	1,683	2,133	0.8
2001	1,699	2,306	0.8
2002	1,775	2,109	0.8
2003	1,779	2,209	0.8
2004	2,003	2,152	0.9
2005	1,954	2,074	0.9
2006	2,284	1,926	1.2
2007	2,224	1,707	1.3

Source: Minnesota Office of Higher Education

Table 8

Minnesota/South Dakota Tuition Reciprocity

Headcount Enrollment by Institution: Fall 2007

Minnesota Residents Attending South Dakota Institutions	Headcount
South Dakota State University Brookings	1,573
University of South Dakota Vermillion	290
South Dakota School of Mines & Technology	124
Dakota State University	111
Northern State University	107
Black Hills State University	39
Total	2,244

Source: Minnesota Office of Higher Education

Table 9
Minnesota/South Dakota Tuition Reciprocity
Headcount Enrollment by Institution, Fall 2007

South Dakota Residents Attending Minnesota Institutions	Headcount
U of M Twin Cities	536
Minnesota State University Mankato	375
Minnesota State University Moorhead	230
Southwest Minnesota State University	226
St. Cloud State University Undergraduate	143
U of M Duluth	34
Minnesota West Community & Technical College	31
Winona State University	21
Minnesota State Community & Technical College	19
Minneapolis Community & Technical College	13
U of M Morris	10
Bemidji State University	9
Northland Community & Technical College	9
Ridgewater College	9
Anoka-Ramsey Community College	6
Rochester Community & Technical College	5
U of M Crookston	5
Century College	5
Lake Superior College	4
Riverland Community College	4
Vermilion Community College	3
Normandale Community College	3
North Hennepin Community College	2
Metropolitan State University	2
St. Paul College	2
South Central College	1
Inver Hills Community College	0
Fond du Lac Tribal & Community College	0
Central Lakes College	0
Hibbing Community College	0
Itasca Community College	0
Mesabi Range Community & Technical College	0
Total	1,707

Source: Minnesota Office of Higher Education

Interstate Payments

Minnesota's agreements with Wisconsin and North Dakota include a tuition reciprocity interstate payment. An interstate payment assigns some or all of the instructional costs associated with educating a reciprocity student to the student and the student's home state general fund. A student pays a portion of the recognized instructional cost of his or her education through tuition. The general fund of a student's state of residence pays for a portion of the recognized instructional cost of his or her education through an interstate payment.

Paying for the instructional cost of educating a reciprocity student starts with the marginal cost of instructing the student. Marginal instructional costs are what it costs to add one student to an existing classroom of students. Marginal instructional costs are set at 64 percent of the per-student instructional costs within Minnesota's tuition reciprocity agreements. The tuition a student pays is subtracted from the marginal cost of instructing that student. The remaining marginal instructional cost is the responsibility of the general fund of a student's state of residence, as shown in the following formula.

$$\begin{array}{r} \text{Marginal Instructional Costs per Student} \\ - \text{ Tuition Paid per Student} \\ \hline = \text{ State General Fund Obligation per Student} \end{array}$$

All else being equal, increasing the tuition paid per student decreases a state's general fund obligation. Conversely, decreasing the tuition paid per student increases a state's general fund obligation. Minnesota's tuition reciprocity agreements with Wisconsin and North Dakota are effectively interstate marginal instructional cost agreements. Students, through tuition, reduce each participating state's marginal instructional costs. As tuition rates have increased, students have increasingly paid a larger share of tuition reciprocity marginal instructional costs through tuition.

Minnesota-Wisconsin Tuition Reciprocity Payment Calculation

A financial obligation is computed based on marginal instructional costs for each state in the Minnesota-Wisconsin agreement. The Minnesota-Wisconsin tuition reciprocity payment calculation for academic year 2007-2008, the most recent year available, is shown in Table 10. Wisconsin's gross obligation to Minnesota was \$81.3 million for academic year 2007-2008. This figure was reduced by the \$68.9 million Wisconsin students paid in tuition to Minnesota public institutions, leaving \$12.4 million for the Wisconsin General Fund. Minnesota's gross obligation to Wisconsin was \$83.9 million. Minnesota's gross obligation to Wisconsin was reduced by the \$82.0 million Minnesota students paid in tuition to Wisconsin public institutions, leaving \$1.9 million for the Minnesota General Fund. Wisconsin's General Fund obligation to Minnesota was \$10.5 million more than Minnesota's General Fund obligation to Wisconsin, and Wisconsin made a \$10.5 million payment to the Minnesota General Fund for academic year 2007-2008.

Minnesota students enrolled in Wisconsin paid 98 percent of Minnesota's 2007-2008 gross state obligation to Wisconsin through tuition. Wisconsin students enrolled in Minnesota paid 85 percent of Wisconsin's 2007-2008 gross state obligation through tuition, as shown in Table 10.

Table 10
Minnesota-Wisconsin Tuition Reciprocity
Academic Year 2007-2008
Wisconsin's Obligation to Minnesota

Institution/ Type Study	Number of Credits	Marginal Instructional Costs/Credit	Gross State Obligation	Student Tuition Paid	Net State Obligation
MnSCU Two-Year	24,104.50	\$163.39	\$3,938,434.26	\$4,106,549.18	-\$168,114.93
MnSCU Four-Year & U of M Crookston UG	101,109.50	\$190.14	\$19,224,960.33	\$17,010,895.87	\$2,214,064.46
U of M - Duluth Undergraduate	25,710.00	\$199.32	\$5,124,517.20	\$5,529,985.46	-\$405,468.26
U of M Twin Cities & Morris UG	25,710.00	\$253.60	\$38,475,202.96	\$33,838,954.26	\$4,636,248.70
MnSCU Four-Year Graduate	3,075.00	\$437.02	\$1,343,836.50	\$842,563.58	\$501,272.92
U of M - Duluth Graduate	1,751.50	\$837.57	\$1,467,003.86	\$880,661.15	\$586,342.71
U of M - Twin Cities Graduate	13,092.50	\$898.64	\$11,765,444.20	\$6,715,189.84	\$5,050,254.36
Total	194,553.00		\$81,339,399.30	\$68,924,799.34	\$12,414,599.96
Share of Marginal Instructional Costs				85%	15%

Minnesota's Obligation to Wisconsin

Institution/ Type Study	Number of Credits	Marginal Instructional Costs/Credit	Gross State Obligation	Student Tuition Paid	Net State Obligation
U.W. Centers	326.00	\$163.39	\$53,265.14	\$48,260.60	\$5,004.54
U.W. Comprehensives UG	275,499.51	\$190.14	\$52,383,476.83	\$50,937,723.98	\$1,445,752.85
U.W. Milwaukee UG	9,831.00	\$199.32	\$1,959,514.92	\$2,749,356.55	-\$789,841.63
U.W. Madison UG	84,588.00	\$253.60	\$21,451,516.80	\$23,178,674.58	-\$1,727,157.78
U.W. Compressive Graduate	8,952.00	\$437.02	\$3,912,203.04	\$2,666,235.07	\$1,245,967.97
U.W. Milwaukee Graduate	1,485.00	\$837.57	\$1,243,791.45	\$749,108.19	\$494,683.26
U.W. Madison Graduate	3,262.00	\$898.64	\$2,931,363.68	\$1,721,126.23	\$1,210,237.45
Total	383,943.51		\$83,935,131.86	\$82,050,485.20	\$1,884,646.66
Share of Marginal Instructional Costs				98%	2%
Difference = Wisconsin Payment to Minnesota					\$10,529,953.30

Source: Minnesota Office of Higher Education

Minnesota and Wisconsin students pay for most of the marginal instructional costs associated with their education in the Minnesota-Wisconsin tuition reciprocity agreement. Reciprocity students have paid an increasing share of their marginal instructional costs as tuition has increased. The role of students in paying for tuition reciprocity over the past eight years in the Minnesota-Wisconsin tuition reciprocity agreement is shown in Table 11.

Table 11
Minnesota-Wisconsin Tuition Reciprocity
Who Pays for Tuition Reciprocity?
Student and State Share of Marginal Instructional Costs
2000-01 to 2006-07

Academic Year	Minnesota		Wisconsin	
	Students	State	Students	State
2007-08	98%	2%	85%	15%
2006-07	99%	1%	86%	14%
2005-06	97%	3%	86%	14%
2004-05	91%	9%	81%	19%
2003-04	84%	16%	74%	26%
2002-03	73%	27%	64%	36%
2001-02	69%	31%	62%	38%
2000-01	64%	36%	60%	40%

Source: Minnesota Office of Higher Education

Minnesota-North Dakota Payment Calculation

The Minnesota-North Dakota tuition reciprocity agreement provides for a marginal instructional cost payment calculation. Unlike the Wisconsin agreement, the Minnesota-North Dakota agreement is based on the state enrolling the greater number of full-time-equivalent students receiving a payment from the other state when student tuition payments do not cover marginal instructional costs. The greater number of students is called the GAP FTE in the payment calculation. Minnesota and North Dakota implemented the current tuition reciprocity payment calculation in 1995 when Minnesota public postsecondary institutions asked the states to eliminate a 25 percent student tuition surcharge.

Background information on the 1995 change in the Minnesota-North Dakota tuition reciprocity payment calculation is in Appendix A.

North Dakota public postsecondary institutions have historically enrolled more Minnesota residents than Minnesota public postsecondary institutions have enrolled North Dakota residents. As such, the state of Minnesota has usually made an annual tuition reciprocity payment to North Dakota. North Dakota public postsecondary institutions are expected to continue to enroll more Minnesota residents than Minnesota public postsecondary institutions. Annually there have been over 50,000 more high school graduates in Minnesota than in North Dakota.

The tuition reciprocity payment calculation agreed upon by Minnesota and North Dakota in 1995 and used today follows:

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

$$\begin{aligned}
 & \text{Operational Expenditure per FTE} \\
 & \times \text{ Marginal Expenditure Rate (64\%)} \\
 & = \text{Marginal Expenditure per FTE} \\
 & - \text{Resident Tuition Rate (NDSU)} \\
 & = \text{Remaining Marginal Expenditures per FTE} \\
 & \times \text{GAP FTE (Difference in state flow of students)} \\
 & = \text{Gross State Obligation} \\
 & - \text{Student Payment (Total Tuition Payment in Excess of Resident Tuition)} \\
 & = \text{Net State Obligation}
 \end{aligned}$$

The current payment calculation subtracts the North Dakota State University resident undergraduate tuition rate from marginal expenditures per FTE and subtracts the total tuition payment in excess of resident tuition for all Minnesota residents enrolled in North Dakota from gross state obligation. This practice reduces Minnesota’s net state obligation more than if the calculation were based on the marginal instructional costs and the student paid reciprocity tuition for the gap number of students.

Table 12
Minnesota-North Dakota Tuition Reciprocity
Interstate Payment: 2007-2008

	Operational Expenditure per FTE	\$10,542
	Marginal Expenditure Rate	0.64
x	Marginal Expenditure per FTE	\$6,747
=	Resident Tuition Rate (NDSU/UND)	\$5,019
-	Remaining Marginal Expenditures per FTE	\$1,728
=	GAP FTE Students	3,384
x	Gross State Obligation	\$5,847,242
-	Student Payment	\$2,732,940
=	Net State Obligation	\$3,114,302

Historical Interstate Payment Data

Minnesota's tuition reciprocity interstate payment general fund obligations are presented in Table 13. Positive numbers represent a payment from the Minnesota general fund to either North Dakota or Wisconsin. Numbers in brackets () represent a payment from either North Dakota or Wisconsin to the Minnesota general fund.

Table 13
Interstate Reciprocity Payments,
Academic Years 1975-76 - 2007-2008
Amount (\$ Millions)

Year	To North Dakota	To Wisconsin
1975-76	\$0.00	\$4.20
1976-77	\$0.00	\$5.50
1977-78	\$0.00	\$6.80
1978-79	\$0.70	\$8.10
1979-80	\$0.80	\$4.10
1980-81	\$0.90	\$5.60
1981-82	\$1.00	\$3.90
1982-83	\$1.10	\$5.30
1983-84	\$0.10	\$2.80
1984-85	\$0.05	\$2.70
1985-86	\$0.00	\$3.10
1986-87	\$0.00	\$3.90
1987-88	\$0.00	\$3.30
1988-89	\$0.00	\$4.60
1989-90	\$0.00	\$5.70
1990-91	\$0.00	\$6.60
1991-92	\$0.35	\$3.30
1992-93	\$0.37	\$2.50
1993-94	\$0.60	\$2.00
1994-95	\$1.00	\$1.70
1995-96	\$2.70	\$1.70
1996-97	\$2.90	(\$1.30)
1997-98	\$4.20	(\$2.10)
1998-99	\$2.60	\$2.60
1999-00	\$2.20	\$2.50
2000-01	\$1.40	\$2.40
2001-02	\$0.43	(\$0.30)
2002-03	\$0.00	(\$3.10)
2003-04	\$0.00	(\$6.10)
2004-05	\$0.00	(\$6.51)
2005-06	\$1.54	(\$7.77)
2006-07	\$0.28	(\$10.00)
2006-07	\$3.10	(\$10.50)

Note: Figures in brackets denote payment to Minnesota.

Source: Minnesota Office of Higher Education

Tuition Rates

Minnesota Statutes 136A.08, Subd. 2 defines the purpose of tuition reciprocity as the mutual improvement of educational advantage for the residents of Minnesota and other states or provinces with whom agreements are made. The state's agreements balance student, public institution and taxpayer interests and are linked to a series of tuition rate implementation objectives.

- Minnesota's tuition reciprocity agreements aim to avoid incentives or disincentives for Minnesota students to leave their state of residence based on the tuition rates used in the agreements. The objective has been to expand market opportunities for Minnesota residents by removing tuition price differences at comparable institutions in the participating states.
- Minnesota's tuition reciprocity agreements aim to create a market in which public institutions in one state can compete with comparable institutions in the other state for students at a similar price.
- Minnesota's tuition reciprocity agreements aim to constrain the state's General Fund costs of educating a Minnesota resident at a reciprocity state institution to an amount similar to or less than Minnesota's general fund cost of educating a Minnesota resident at a comparable Minnesota institution. Student-paid tuition is subtracted from the marginal instructional costs associated with educating reciprocity students and is a critical component in minimizing Minnesota's tuition reciprocity general fund costs.

In meeting these objectives, Minnesota and its reciprocity partners have experimented with setting tuition rates in the agreements.

Tuition rates used in Minnesota's tuition reciprocity agreements reflect the interests to which participating states have agreed. Reciprocity tuition rate-setting practices have not remained static. Since the inception of statewide tuition reciprocity in the 1960s, the following tuition rate setting practices have been used:

- The resident tuition rate at the institution attended, with or without a surcharge.
- The resident tuition rate at a comparable institution in the student's state of residence, with or without a surcharge.
- The higher of the two-state resident tuition rates at comparable institutions.

Each approach to setting tuition reciprocity tuition rates has advantages and disadvantages. Each approach has the advantage of using resident tuition rates set by state public system governing boards as the starting point. Alterations to the resident tuition rate starting point, such as surcharges, have been initiated by state public system governing boards. The three tuition-setting approaches, with their advantages and disadvantages, are described in the following section.

1) Students charged the resident tuition rate at the institution attended: This approach has the advantage for institutions of collecting tuition revenue from a reciprocity student just as if the reciprocity student were a resident of the state of the enrolling the institution. It also has the advantage of being readily understood by students and their families.

This tuition rate-setting approach has the disadvantage of creating a market or price incentive for students to leave their state of residence, if their state of residence has higher resident tuition rates. For example, if the Minnesota-Wisconsin tuition reciprocity agreement were to use the resident tuition rate at the institution attended, Minnesota residents would have an incentive to attend lower priced Wisconsin institutions. Similarly, Wisconsin residents would have a disincentive to attend higher priced Minnesota institutions. In addition, were this approach to be used in the Minnesota-Wisconsin agreement, it would likely result in Minnesota's general fund paying a larger share of marginal instructional costs for Minnesota residents attending in Wisconsin than for some Minnesota residents attending in Minnesota.

Tuition rates in Minnesota's agreements with Manitoba and Iowa Lakes Community College are based on students being charged the resident tuition rate at the institution attended. A similar practice was initially used in Minnesota's agreements with Wisconsin, North Dakota and South Dakota, but abandoned because of the price incentive and disincentive effect on students. The Minnesota-North Dakota tuition reciprocity agreement, for example, experimented with charging reciprocity students the resident rate at the institution attended plus a 25 percent surcharge. This surcharge practice was abandoned because Minnesota public institutions located near the North Dakota border viewed the surcharge as a barrier to successfully recruiting North Dakota residents.

2) Students charged the resident tuition rate at a comparable institution in the student's state of residence: The second approach to setting reciprocity tuition rates has the advantage of avoiding price incentives or disincentives for students in choosing public institutions in the participating states. This approach is the most "market like" for students and for the states. It has the disadvantage, however, of resulting in institutions in the state with higher resident tuition rates collecting less tuition revenue from a reciprocity student than from a resident student. When paired with an interstate payment calculation, the state with the greater marginal instructional costs not covered by student paid tuition collects a payment from the other state. In the current Minnesota-Wisconsin agreement, however, any payment from Wisconsin to Minnesota has been made to the Minnesota General Fund and not to the Minnesota public postsecondary system collecting less revenue from a Wisconsin resident compared to a Minnesota resident.

The practice of students being charged the resident tuition at a comparable institution in the student's state of residence was used in the Minnesota-Wisconsin tuition reciprocity agreement from 1983 to 1998. In 1998, the tuition rate-setting practice in the Minnesota-Wisconsin agreement was modified by adding a surcharge to Wisconsin resident undergraduates attending the University of Minnesota-Twin Cities campus. The surcharge was set at 25 percent of the difference between the University of Minnesota-Twin Cities resident undergraduate tuition rate and the University of Wisconsin-Madison resident undergraduate tuition rate. In 1998, Minnesota and Wisconsin also agreed to charge the higher of the two-state resident tuition rates at comparable institutions for graduate and professional reciprocity students. Changes to the tuition rate practice in the Minnesota-Wisconsin tuition reciprocity agreement in 1998 were prompted by the University of Minnesota's desire to have graduate and professional students pay a larger share of the cost of instruction and the state of Wisconsin's desire to reduce the state's general fund obligation. Undergraduate students being charged the resident tuition rate at a comparable institution in the student's state of residence remained the practice at all other public institutions in the Minnesota-Wisconsin tuition reciprocity agreement through 2007-2008.

3) Students charged the higher of the two-state resident tuition rates at comparable institutions:

The third approach to setting reciprocity tuition rates has advantages for institutions in the state with higher resident tuition rates. Similar to the first approach to setting reciprocity tuition rates, institutions in the higher-priced state collect revenue at the same rate from reciprocity and resident students. Students charged the higher of the two-state resident tuition rates at comparable institutions results in price disincentives for students wanting to leave their state of residence, if their state of residence has lower resident tuition rates.

The higher of the two-state resident tuition rates at comparable institutions is current practice in Minnesota's reciprocity agreements with North Dakota and South Dakota, for all students, and with Wisconsin, for graduate and professional students.

Wisconsin Reciprocity Supplement: Minnesota resident tuition rates are currently higher than Wisconsin resident tuition rates for all campuses except the University of Wisconsin Centers, where resident tuition rates are higher than the comparable Minnesota community college resident tuition rates. Wisconsin residents first enrolling in all other Minnesota public institutions in 2008-2009 will be charged the higher of the two state tuition rates at comparable Minnesota and Wisconsin institutions. All else being equal, the practice starting in 2008-2009 will reduce Wisconsin's general fund obligation to Minnesota and increase the revenue collected by Minnesota four-year public institutions.⁷

While Wisconsin resident students first enrolling in higher priced Minnesota institutions in 2008-2009 will be charged the higher of the two state resident tuition rates at comparable institutions, payment of the higher Minnesota tuition rate will be divided between:

- the Wisconsin resident student, with a tuition payment based on the tuition rate at a comparable Wisconsin institution, and
- the Wisconsin Higher Education Aids Board, with a Wisconsin reciprocity supplement, based on an amount equal to the difference between the lower resident tuition rate at a comparable Wisconsin institution and the higher resident tuition rate at a comparable Minnesota institution.

The sum of the two payments will equal the resident tuition rate at the higher priced Minnesota institution attended by the Wisconsin resident. Wisconsin's reciprocity supplement is established in conformity with Minnesota Statutes 136A.08 and Wisconsin Statutes Chapter 39.

Wisconsin's reciprocity supplement is paid directly to the Minnesota public system enrolling the Wisconsin resident. The supplement prevents Wisconsin residents from having to pay higher tuition to enroll at Minnesota institutions with a higher resident tuition rate. It also removes the problem of a Minnesota public institution collecting less revenue from enrolling a Wisconsin resident.

⁷ Consistent with the finding of the Minnesota Office of the Legislative Auditor. "Reducing or eliminating the tuition disparities between Minnesota and Wisconsin residents at Minnesota schools would increase Minnesota taxpayers' financial obligation to Wisconsin" (Office of the Legislative Auditor: Higher Education Tuition Reciprocity, September 2003: p. 49).

The tuition rate changes to the Minnesota-Wisconsin tuition reciprocity agreement, beginning in 2008-2009, should not result in changes for Minnesota residents attending in Wisconsin, as long as Minnesota resident tuition rates remain higher than the Wisconsin resident tuition rates at comparable Minnesota and Wisconsin institutions. Minnesotans attending in Wisconsin would be charged the higher Minnesota tuition rate. With no changes in the relative resident tuition rates at Minnesota Community Colleges and University of Wisconsin Centers, however, Minnesota residents first enrolling in University of Wisconsin Centers in 2008-2009 will be charged the higher University of Wisconsin Center resident tuition rate.

Specific tuition rates used in Minnesota's tuition reciprocity agreements for 2008-2009 are presented in Tables 14 through 19 on the following pages.

Tuition Rates: Minnesota-Wisconsin Tuition Reciprocity

Tuition rates at Wisconsin institutions for 2008-2009 are shown in Table 14.

Table 14

Minnesota-Wisconsin Tuition Reciprocity

Wisconsin Tuition Rates: 2008-2009*

Wisconsin Institutions	Resident	Reciprocity	Non-Resident
U.W. Baraboo/Sauk	\$4,268	\$4,268	\$10,532
U.W. Barron/Rice Lake	\$4,268	\$4,268	\$10,532
U.W. Eau Claire - Graduate	\$6,426	\$6,745	\$16,771
U.W. Eau Claire - Undergraduate	\$5,240	\$5,527	\$12,814
U.W. Fond du Lac	\$4,268	\$4,268	\$10,532
U.W. Fox Valley	\$4,268	\$4,268	\$10,532
U.W. Green Bay - Graduate	\$6,426	\$6,745	\$16,771
U.W. Green Bay - Undergraduate	\$5,084	\$5,527	\$12,657
U.W. LaCrosse - Graduate	\$6,485	\$6,745	\$16,830
U.W. LaCrosse - Undergraduate	\$5,643	\$5,643	\$13,216
U.W. Madison - Graduate	\$9,132	\$10,446	\$24,054
U.W. Madison - Law	\$13,840	\$21,900	\$33,764
U.W. Madison - Undergraduate	\$6,678	\$8,500	\$20,928
U.W. Manitowoc	\$4,268	\$4,268	\$10,532
U.W. Marathon	\$4,268	\$4,268	\$10,532
U.W. Marinette	\$4,268	\$4,268	\$10,532
U.W. Marshfield-Wood	\$4,268	\$4,268	\$10,532
U.W. Milwaukee - Graduate	\$8,827	\$10,446	\$22,852
U.W. Milwaukee - Undergraduate	\$6,513	\$8,230	\$16,260
U.W. Oshkosh - Graduate	\$6,426	\$6,745	\$16,771
U.W. Oshkosh - Undergraduate	\$5,194	\$5,527	\$12,767
U.W. Parkside - Graduate	\$9,426	\$6,745	\$16,771
U.W. Parkside - Undergraduate	\$5,084	\$5,527	\$12,657
U.W. Platteville - Graduate	\$9,426	\$6,745	\$16,771
U.W. Platteville - Undergraduate	\$5,184	\$5,527	\$13,720
U.W. Richland	\$4,268	\$4,268	\$10,532
U.W. River Falls - Graduate	\$5,156	\$5,527	\$12,729
U.W. River Falls - Undergraduate	\$6,426	\$6,745	\$16,771
U.W. Rock Cty	\$4,268	\$4,268	\$10,532
U.W. Sheboygan	\$4,268	\$4,268	\$10,532
U.W. Stevens Point - Graduate	\$6,426	\$6,745	\$16,771
U.W. Stevens Point - Undergraduate	\$5,084	\$5,527	\$12,657
U.W. Stout - Graduate	\$7,417	\$7,417	\$12,444
U.W. Stout - Undergraduate	\$5,662	\$5,662	\$13,408
U.W. Superior - Graduate	\$6,426	\$6,745	\$16,771
U.W. Superior - Undergraduate	\$5,291	\$5,527	\$12,864
U.W. Washington	\$4,268	\$4,268	\$10,532
U.W. Waukesha Cty	\$4,268	\$4,268	\$10,532
U.W. Whitewater - Graduate	\$6,426	\$6,745	\$16,771
U.W. Whitewater - Undergraduate	\$5,262	\$5,527	\$12,835

* Does not include fees per Minnesota-Wisconsin agreement

Source: Minnesota Office of Higher Education

Tuition rates at Minnesota institutions for 2008-2009 are shown in Table 15.

Table 15
Minnesota-Wisconsin Tuition Reciprocity
Minnesota Tuition Rates: 2008-2009*

Minnesota Institutions	Resident	Reciprocity	Non-Resident
Alexandria Technical College	\$4,039	\$4,039	\$4,039
Anoka Technical College	\$4,247	\$4,247	\$4,247
Anoka-Ramsey Community College	\$3,596	\$3,596	\$3,596
Bemidji State University - Graduate	\$7,292	\$6,745	\$7,292
Bemidji State University - Undergraduate	\$6,108	\$6,108	\$6,108
Central Lakes College	\$3,988	\$3,988	\$3,988
Century College	\$4,042	\$4,042	\$4,042
Dakota County Technical College	\$4,330	\$4,330	\$8,660
Fond du Lac Tribal & Community College	\$3,988	\$5,335	\$8,141
Hennepin Technical College	\$3,993	\$3,993	\$3,993
Hibbing Community College	\$3,947	\$4,934	\$4,934
Inver Hills Community College	\$4,198	\$4,198	\$4,198
Itasca Community College	\$3,947	\$3,947	\$4,934
Lake Superior College	\$3,660	\$5,335	\$7,320
Mesabi Range College	\$3,947	\$4,934	\$4,934
Metropolitan State University - Graduate	\$6,288	\$6,745	\$12,576
Metropolitan State University - Undergraduate	\$5,160	\$5,265	\$10,320
Minneapolis Community & Technical College	\$4,140	\$4,140	\$4,140
Minnesota State College – Southeast Technical	\$4,227	\$4,227	\$8,455
Minnesota State Community & Technical College	\$4,226	\$4,226	\$4,226
Minnesota State University , Mankato - Graduate	\$6,810	\$6,745	\$11,209
Minnesota State University , Mankato - Undergraduate	\$5,467	\$5,467	\$14,012
Minnesota State University Moorhead - Graduate	\$6,451	\$6,451	\$6,451
Minnesota State University Moorhead - Undergraduate	\$5,236	\$5,236	\$5,236
Minnesota West Community & Technical College	\$4,334	\$4,334	\$4,334
Normandale Community College	\$4,103	\$4,103	\$4,103
North Hennepin Community College	\$4,188	\$4,188	\$4,188
Northland Community & Technical College	\$4,422	\$4,422	\$4,422
Northwest Technical College – Bemidji	\$4,485	\$4,485	\$4,485
Pine Technical College	\$3,855	\$3,855	\$7,710
Rainy river Community College	\$3,947	\$4,934	\$4,934
Ridgewater College	\$4,093	\$4,093	\$4,093
Riverland Community College	\$4,152	\$4,152	\$4,152
Rochester Community and Technical College	\$4,151	\$4,151	\$4,151
South Central College	\$4,056	\$4,056	\$4,056
Southwest Minnesota State University - Graduate	\$6,902	\$6,745	\$6,902
Southwest Minnesota State University - Undergraduate	\$5,780	\$5,780	\$5,780
St. Cloud State University – Graduate	\$6,605	\$6,745	\$10,328
St. Cloud State University – Undergraduate	\$5,405	\$5,405	\$11,732
St. Cloud Technical College	\$4,096	\$4,096	\$4,096
St. Paul College	\$4,070	\$4,070	\$4,070

Table 15 (continued)

Minnesota-Wisconsin Tuition Reciprocity

Minnesota Tuition Rates: 2008-2009*

Minnesota Institutions	Resident	Reciprocity	Non-Resident
University of Minnesota - Duluth	\$8,230	\$8,230	\$17,856
University of Minnesota – Crookston	\$6,888	\$6,888	\$6,888
University of Minnesota - Duluth - Undergraduate	\$8,230	\$8,230	\$17,856
University of Minnesota - Duluth – Graduate	\$10,446	\$10,446	\$17,544
University of Minnesota – Morris	\$8,230	\$8,230	\$8,230
University of Minnesota - Twin Cities	\$8,500	\$8,500	\$20,130
University of Minnesota - Twin Cities – Graduate	\$10,446	\$10,446	\$17,544
University of Minnesota - Twin Cities – law	\$21,900	\$21,900	\$32,303
Vermilion Community College	\$3,947	\$4,934	\$4,934
Winona State University – Graduate	\$7,033	\$6,745	\$10,592
Winona State University – Undergraduate	\$5,768	\$5,768	\$10,364

* Does not include fees per Minnesota-Wisconsin agreement

Source: Minnesota Office of Higher Education

Tuition Rates: Minnesota-North Dakota Tuition Reciprocity

Tuition rates at North Dakota institutions for 2008-2009 are shown in Table 16.

Table 16
Minnesota-North Dakota Tuition Reciprocity
North Dakota Tuition Rates: 2008-2009*

North Dakota Institutions	Resident	Reciprocity	Non-Resident
Bismarck State College – Undergraduate	\$3,364	\$4,075	\$8,982
Dickinson State University – Undergraduate	\$4,019	\$4,196	\$10,731
Lake Region State College	\$3,065	\$4,075	\$3,065
Mayville State University – Undergraduate	\$3,985	\$4,160	\$5,977
Minot State University – Graduate	\$5,527	\$6,745	\$14,758
Minot State University – Undergraduate	\$4,179	\$4,363	\$11,158
Minot State University -Bottineau Campus	\$3,120	\$4,075	\$4,680
NDSCS-Wahpeton – Undergraduate	\$3,368	\$4,075	\$8,991
NDSU-Fargo – Graduate	\$5,645	\$6,745	\$15,072
NDSU-Fargo – Undergraduate	\$5,264	\$5,504	\$14,053
University of ND - Grand Forks – Graduate	\$5,675	\$6,745	\$15,153
University of ND - Grand Forks – Law	\$5,098	\$7,647	\$13,612
University of ND - Grand Forks – Undergraduate	\$5,276	\$5,504	\$14,088
University of ND - Williston – Undergraduate	\$3,020	\$4,075	\$4,531
Valley City State University – Graduate	\$5,505	\$6,745	\$14,698
Valley City State University – Undergraduate	\$4,138	\$4,321	\$11,048

* Does not include fees per Minnesota-North Dakota agreement

Source: Minnesota Office of Higher Education

Tuition rates at Minnesota institutions for 2008-2009 are shown in Table 17.

Table 17
Minnesota-North Dakota Tuition Reciprocity
Minnesota Tuition Rates: 2008-2009*

Minnesota Institutions	Resident	Reciprocity	Non-Resident
Alexandria Technical College	\$4,039	\$4,039	\$4,039
Anoka Technical College	\$4,247	\$4,247	\$4,247
Anoka-Ramsey Community College	\$3,596	\$3,596	\$3,596
Bemidji State University – Graduate	\$7,292	\$7,292	\$7,292
Bemidji State University – Undergraduate	\$6,108	\$6,108	\$6,108
Central Lakes College	\$3,988	\$3,988	\$3,988
Century College	\$4,042	\$4,042	\$4,042
Dakota County Technical College	\$4,330	\$4,330	\$8,660
Fond du Lac Tribal & Community College	\$3,988	\$3,988	\$8,141
Hennepin Technical College	\$3,993	\$3,993	\$3,993
Hibbing Community College	\$3,947	\$3,947	\$4,934
Inver Hills Community College	\$4,198	\$4,198	\$4,198
Itasca Community College	\$3,947	\$3,947	\$4,934
Lake Superior College	\$3,660	\$3,660	\$7,320
Mesabi Range College	\$3,947	\$3,947	\$4,934
Metropolitan State University – Graduate	\$6,288	\$6,288	\$12,576
Metropolitan State University – Undergraduate	\$5,160	\$5,160	\$10,320
Minneapolis Community & Technical College	\$4,140	\$4,140	\$4,140
Minnesota State College – Southeast Technical	\$4,227	\$4,227	\$8,455
Minnesota State Community & Technical College	\$4,226	\$4,226	\$4,226
Minnesota State University, Mankato - Graduate	\$6,810	\$6,810	\$11,209
Minnesota State University, Mankato - Undergraduate	\$5,467	\$5,467	\$14,012
Minnesota State University Moorhead - Graduate	\$6,451	\$6,451	\$6,451
Minnesota State University Moorhead - Undergraduate	\$5,236	\$5,236	\$5,236
Minnesota West Community & Technical College	\$4,334	\$4,334	\$4,334
Normandale Community College	\$4,103	\$4,103	\$4,103
North Hennepin Community College	\$4,188	\$4,188	\$4,188
Northland Community & Technical College	\$4,422	\$4,422	\$4,422
Northwest Technical College - Bemidji	\$4,485	\$4,485	\$4,485
Pine Technical College	\$3,855	\$3,855	\$7,710
Rainy River Community College	\$3,947	\$3,947	\$4,934
Ridgewater College	\$4,093	\$4,093	\$4,093
Riverland Community College	\$4,152	\$4,152	\$4,152
Rochester Community and Technical College	\$4,151	\$4,151	\$4,151
South Central College	\$4,056	\$4,056	\$4,056
Southwest Minnesota State University - Graduate	\$6,902	\$6,902	\$6,902
Southwest Minnesota State University - Undergraduate	\$5,780	\$5,780	\$5,780
St. Cloud State University - Graduate	\$6,605	\$6,605	\$10,328
St. Cloud State University - Undergraduate	\$5,405	\$5,405	\$11,732
St. Cloud Technical College	\$4,096	\$4,096	\$4,096
St. Paul College	\$4,070	\$4,070	\$4,070

Table 17 (continued)

Minnesota-North Dakota Tuition Reciprocity

Minnesota Tuition Rates: 2008-2009*

Minnesota Institutions	Resident Tuition	Reciprocity Tuition	Non-Resident Tuition
University of Minnesota - Duluth	\$8,230	\$8,230	\$17,856
University of Minnesota - Crookston	\$6,888	\$6,888	\$6,888
University of Minnesota - Duluth - Undergraduate	\$8,230	\$8,230	\$17,856
University of Minnesota - Duluth - Graduate	\$10,446	\$10,446	\$17,544
University of Minnesota - Morris	\$8,230	\$8,230	\$8,230
University of Minnesota - Twin Cities	\$8,500	\$8,500	\$20,130
University of Minnesota - Twin Cities - Graduate	\$10,446	\$10,446	\$17,544
University of Minnesota - Twin Cities - law	\$21,900	\$21,900	\$32,303
Vermilion Community College	\$3,947	\$3,947	\$4,934
Winona State University - Graduate	\$7,033	\$7,033	\$10,592
Winona State University - Undergraduate	\$5,768	\$5,768	\$10,364

* Does not include fees per Minnesota-North Dakota agreement

Source: Minnesota Office of Higher Education

Tuition Rates: Minnesota-South Dakota Tuition Reciprocity

Tuition rates at South Dakota institutions for 2008-2009 are shown in Table 18.

Table 18
Minnesota-South Dakota Tuition Reciprocity
South Dakota Tuition Rates: 2008-2009*

South Dakota Institutions	Resident	Reciprocity	Non-Resident
Black Hills State College - Graduate	\$3,209	\$6,090	\$9,462
Black Hills State College - Undergraduate	\$2,646	\$3,830	\$3,966
Dakota State University - Graduate	\$3,209	\$6,139	\$9,462
Dakota State University - Undergraduate	\$2,646	\$3,252	\$3,966
Northern State University - Graduate	\$3,209	\$6,222	\$9,462
Northern State University - Undergraduate	\$2,646	\$3,995	\$3,966
SD School of Mines and Technology - Graduate	\$3,209	\$5,960	\$9,462
SD School of Mines and Technology - Undergrad	\$2,646	\$2,968	\$3,966
SDSU - Brookings - Graduate	\$3,209	\$6,145	\$9,462
SDSU - Brookings - Undergraduate	\$2,646	\$3,899	\$3,966
University of South Dakota - Vermillion - Graduate	\$3,209	\$6,130	\$9,462
University of South Dakota - Vermillion - Law	\$4,844	\$9,653	\$14,040
University of South Dakota - Vermillion - Undergraduate	\$2,646	\$3,879	\$3,966

* The Minnesota-South Dakota agreement includes resident fees at the institution attended.

Source: Minnesota Office of Higher Education

Tuition rates at Minnesota institutions for 2008-2009 are shown in Table 19.

Table 19
Minnesota-South Dakota Tuition Reciprocity
Minnesota Tuition Rates: 2008-2009*

Minnesota Institutions	Resident	Reciprocity	Non-Resident
Alexandria Technical College	\$4,039	\$4,039	\$4,039
Anoka Technical College	\$4,247	\$4,247	\$4,247
Anoka-Ramsey Community College	\$3,596	\$4,286	\$3,596
Bemidji State University - Graduate	\$7,292	\$7,292	\$7,292
Bemidji State University - Undergraduate	\$6,108	\$6,108	\$6,108
Central Lakes College	\$3,988	\$4,754	\$3,988
Century College	\$4,042	\$4,818	\$4,042
Dakota County Technical College	\$4,330	\$4,330	\$8,660
Fond du Lac Tribal & Community College	\$3,988	\$4,754	\$8,141
Hennepin Technical College	\$3,993	\$3,993	\$3,993
Hibbing Community College	\$3,947	\$4,705	\$4,934
Inver Hills Community College	\$4,198	\$5,004	\$4,198
Itasca Community College	\$3,947	\$4,705	\$4,934
Lake Superior College	\$3,660	\$4,363	\$7,320
Mesabi Range College	\$3,947	\$4,705	\$4,934
Metropolitan State University - Graduate	\$6,288	\$5,288	\$12,576
Metropolitan State University - Undergraduate	\$5,160	\$5,613	\$10,320
Minneapolis Community & Technical College	\$4,140	\$4,935	\$4,140
Minnesota State College – Southeast Technical	\$4,227	\$4,227	\$8,455
Minnesota State Community & Technical College	\$4,226	\$5,037	\$4,226
Minnesota State University, Mankato - Graduate	\$6,810	\$6,810	\$11,209
Minnesota State University, Mankato - Undergraduate	\$5,467	\$5,467	\$14,012
Minnesota State University Moorhead - Graduate	\$6,451	\$6,451	\$6,451
Minnesota State University Moorhead - Undergraduate	\$5,236	\$5,236	\$5,236
Minnesota West Community & Technical College	\$4,334	\$5,166	\$4,334
Normandale Community College	\$4,103	\$4,891	\$4,103
North Hennepin Community College	\$4,188	\$4,992	\$4,188
Northland Community & Technical College	\$4,422	\$5,271	\$4,422
Northwest Technical College - Bemidji	\$4,485	\$4,485	\$4,485
Pine Technical College	\$3,855	\$3,855	\$7,710
Rainy River Community College	\$3,947	\$4,705	\$4,934
Ridgewater College	\$4,093	\$4,879	\$4,093
Riverland Community College	\$4,152	\$4,949	\$4,152
Rochester Community and Technical College	\$4,151	\$4,948	\$4,151
South Central College	\$4,056	\$4,056	\$4,056
Southwest Minnesota State University - Graduate	\$6,902	\$6,902	\$6,902
Southwest Minnesota State University - Undergraduate	\$5,780	\$5,780	\$5,780
St. Cloud State University - Graduate	\$6,605	\$6,605	\$10,328
St. Cloud State University - Undergraduate	\$5,405	\$5,405	\$11,732
St. Cloud Technical College	\$4,096	\$4,096	\$4,096
St. Paul College	\$4,070	\$4,070	\$4,070

Table 19 (continued)

Minnesota-South Dakota Tuition Reciprocity

Minnesota Tuition Rates: 2008-2009*

Minnesota Institutions	Resident	Reciprocity	Non-Resident
University of Minnesota - Duluth	\$8,230	\$8,230	\$17,856
University of Minnesota - Crookston	\$6,888	\$6,888	\$6,888
University of Minnesota - Duluth - Undergraduate	\$8,230	\$8,230	\$17,856
University of Minnesota - Duluth - Graduate	\$10,446	\$10,446	\$17,544
University of Minnesota - Morris	\$8,230	\$8,230	\$8,230
University of Minnesota - Twin Cities	\$8,500	\$8,500	\$20,130
University of Minnesota - Twin Cities - Graduate	\$10,446	\$10,446	\$17,544
University of Minnesota - Twin Cities - law	\$21,900	\$21,900	\$32,303
Vermilion Community College	\$3,947	\$4,705	\$4,934
Winona State University - Graduate	\$7,033	\$7,033	\$10,592
Winona State University - Undergraduate	\$5,768	\$5,768	\$10,364

* The Minnesota-South Dakota agreement includes resident fees at the institution attended.

Source: Minnesota Office of Higher Education

Reciprocity Graduates

Tuition reciprocity graduates at Minnesota State Colleges and Universities are in Table 20.

Table 20
Minnesota State Colleges & Universities
Fiscal Year 2008 Graduates Who Attended as Tuition Reciprocity Students:

Institution	Degree Type			Total
	Associate	Bachelor's	Master's	
Alexandria Technical College	11			11
Anoka-Ramsey Community College	8			8
Anoka Technical College	1			1
Central Lakes College				
Century College	45			45
Dakota County Technical College	25			25
Fond du Lac Tribal & Community College	4			4
Hennepin Technical College	10			10
Inver Hills Community College	11			11
Lake Superior College	57			57
Minneapolis Community & Technical College	20			20
Minnesota State College - Southeast Technical	41			41
Minnesota State Community & Technical College	213			213
Minnesota West Community & Technical College	10			10
Normandale Community College	4			4
North Hennepin Community College	4			4
Hibbing Community College	1			1
Itasca Community College	1			1
Mesabi Range Community & Technical College				
Rainy River Community College				
Vermillion Community College	12			12
Northland & Community & Technical College	212			212
Northwest Technical College - Bemidji	2			2
Pine Technical College				
Ridgewater College	5			5
Riverland Community College	1			1
Rochester Community and Technical College	18			18
St. Cloud Technical College	10			10
St. Paul College	7			7
South Central College	1			1
Subtotal Colleges	734			734
Bemidji State University		24	1	25
Metropolitan State University		26	2	28
Minnesota State University Mankato	1	167	19	187
Minnesota State University Moorhead	11	458	26	495
St. Cloud State University	4	176	9	189
Southwest Minnesota State University		41	14	55
Winona State University	9	317	21	347
Subtotal Universities	25	1,209	92	1,326
Total: Colleges and Universities	759	1,209	92	2,060

Source: Office of the Chancellor, Research & Planning, Minnesota State Colleges and Universities

Tuition reciprocity graduates for the University of Minnesota are in Table 21.

Table 21
University of Minnesota
Graduates Enrolled as Reciprocity Students
Academic Year 2007-2008

Campus	Degree Type					Total
	Associate	Bachelor's	Master's	First Prfl	Doctoral	
Crookston	3	25				28
Duluth		175	29			204
Morris		21				21
Twin Cities		1,445	195	89	18	1,747
Total	3	1,666	224	89	18	2,000

Source: University of Minnesota

Outcomes

Research and census data suggest Minnesota's tuition reciprocity agreements have been beneficial to students and to the state.

University of Minnesota researchers asked the question: "How many reciprocity students remain in Minnesota after graduation?" Using University of Minnesota Alumni Association data, Peter Zetterberg and John Kellogg found the following.

A very high percentage of reciprocity students currently live and work in Minnesota. For those with an undergraduate degree, 30-40 percent of students from Wisconsin, North Dakota, and South Dakota currently live and work in Minnesota.⁸

A report titled Stock and Flow of College Education Human Capital by State: 1989 to 1999, and published in the Postsecondary Educational Opportunity Newsletter, October 2000, was cited by Zetterberg and Kellogg. Data from the October 2000 Newsletter led Zetterberg and Kellogg to the following conclusions.

While large numbers of students from Wisconsin, North Dakota, and South Dakota choose to live and work in Minnesota following graduation, there is significant evidence that students from Minnesota who earn degrees at institutions in these other states return home. Between 1989 and 2000 the percent of Minnesota's population aged 25 and over with a baccalaureate degree increased from 21.5 percent to 28.0 percent. While there were also some gains in North Dakota, South Dakota, and Wisconsin, they were not nearly as significant. Note that in Minnesota a significant part of the gain was the result of the migration of people with baccalaureate degrees to the state. In other words, the total increase in people with a baccalaureate degree was greater than the number of degrees awarded in the state. The increase due to migration was more than 140,000 for Minnesota, while North Dakota, South Dakota, and Wisconsin all lost people with baccalaureate degrees (net of in-state degree production). What explains Minnesota's success? Obviously, most Minnesota students who go to North Dakota, South Dakota, and Wisconsin for their education come home with their baccalaureate degrees while a very significant number of students from these other states who earn their degrees in Minnesota remain in Minnesota.

Zetterberg and Kellogg concluded Minnesota clearly benefits in a very significant ways from the state's current reciprocity agreements.⁹

Recent United States Census Bureau data corroborates Zetterberg and Kellogg's findings. Minnesota led the upper Midwest in the percent of people 25 years and over who have completed a bachelor's degree. In fact, Minnesota was 5 percentage points ahead of North Dakota, the upper Midwest state nearest to Minnesota in the percent of people 25 years and over who have completed a Bachelor's Degree. Moreover, Minnesota was nearly 4 percentage points above the national average. Among the upper Midwest states, only Minnesota ranked above the national average in the percent of people 25 years and over who have completed a bachelor's degree, as shown on Table 22.

⁸ Zetterberg and Kellogg, 1.

⁹ Zetterberg and Kellogg, 2.

Table 22
Percent of People 25 Years and Over who Have Completed a Bachelor's Degree
2005 - 2007 American Community Survey 3 Year Estimates
Reciprocity States and United States Average

State	Percent
Minnesota	30.6%
North Dakota	25.6%
Wisconsin	25.1%
South Dakota	24.5%
Iowa	24.0%
United States	27.0%

Source: U. S. Census Bureau, American Community Survey, American FactFinder M1502,
<http://factfinder.census.gov/>

Appendix A: Minnesota-North Dakota Interstate Payment History

The current Minnesota-North Dakota payment calculation was agreed to in 1995 and implemented in academic year 1996-97. Prior to 1996-97, undergraduate and graduate students paid the resident tuition at the institution attended plus a 25 percent surcharge in the Minnesota-North Dakota tuition reciprocity agreement. In addition, the two states computed an interstate payment calculation as follows:

Each state agrees that in the event that more students from one state receive educational services in the other state than occur in the reverse situation, the state sending the larger number of students shall pay the state educating the larger number of students an amount equal to 25 percent of the resident undergraduate tuition at the University of North Dakota times the number of FTE (full-time-equivalent) students creating the difference except if the difference is less than 100 FTE students, no payment shall be required.¹⁰

This method of interstate payment was known as the “gap method” and was based on the difference in the number of students attending in one state versus the number attending in the other state.

Why were changes made to the Minnesota-North Dakota interstate payment calculation in 1995? Minnesota public postsecondary institutions along the North Dakota border found the 25 percent tuition surcharge a barrier to recruiting North Dakota residents and asked to have the surcharge eliminated.

Minnesota representatives approached North Dakota with a proposal similar to the Minnesota-Wisconsin tuition reciprocity agreement interstate payment calculation. Reciprocity students would pay the resident tuition rate charged by a comparable home state institution and the states would settle up with a marginal instructional cost payment calculation.

North Dakota University System representatives were not interested in changing the agreement. They did not see the surcharge as a barrier to recruiting Minnesota residents, were not willing to forego the added tuition revenue from the 25 percent surcharge and found the Minnesota-Wisconsin interstate payment model unduly cumbersome. The North Dakota University System representatives indicated they would consider changes that, at a minimum, would preserve the revenue stream produced by the current practice of tuition with surcharges and the current method of interstate payment.

The solution to the impasse was to phase-out the 25 percent tuition surcharge and charge reciprocity students in the Minnesota-North Dakota agreement the higher of the two state tuition rates at comparable institutions. In addition, the two states agreed to an interstate payment calculation holding North Dakota harmless for the projected tuition reciprocity revenue stream under the pre 1995 agreement.

Minnesota resident tuition rates were and are higher than North Dakota resident tuition rates. Under the terms of the 1995 agreement, Minnesota residents enrolled in North Dakota would pay the higher Minnesota resident tuition rate charged at a comparable home state institution and North Dakota residents enrolled in Minnesota would pay the Minnesota resident tuition rate. The agreement accomplished the following. It enabled the North Dakota University System to capture a portion, but not all, of the revenue from a 25 percent tuition surcharge over the resident tuition rate previously charged

¹⁰ Minnesota-North Dakota Tuition Reciprocity Agreement, 1990.

by North Dakota institutions. It enabled Minnesota public institutions to collect as much in tuition revenue from North Dakota residents as from Minnesota residents, but without the surcharge.

The two states built upon the existing payment method and initially agreed in 1995 if the number of Minnesota residents enrolled full-time in North Dakota public institutions was the same as the number of North Dakota residents enrolled full-time in Minnesota public institutions, the states would call it even and there would be no interstate payment. If residents of one state enrolled in a greater number in the other's public institutions, then the state enrolling the greater number would receive a payment from the other state based on the greater number of students. For example, if 500 more Minnesota residents enrolled full-time in North Dakota public institutions than North Dakota residents enrolled full-time in Minnesota, then Minnesota would owe North Dakota the marginal instructional costs minus student paid tuition for the 500 Minnesota residents enrolled full-time in North Dakota. The proposed payment calculation introduced the idea of basing the payment on marginal instructional costs rather than “. . . an amount equal to 25 percent of the resident undergraduate tuition at the University of North Dakota times the number of FTE students.”¹¹

Under the terms of the 1995 agreement, Minnesota was prepared to pay North Dakota the marginal instructional costs associated with the gap number of students minus the tuition paid by the gap number of students.¹² Projections of the revenue stream to North Dakota based on the new marginal instructional cost payment calculation resulted in more revenue to North Dakota than the revenue stream produced by having students pay the resident tuition rate plus a 25 percent surcharge plus the results of the non-marginal instructional cost payment calculation.

To preserve the revenue stream to North Dakota at roughly the amount prior to the 1995 agreement, the two states agreed to a larger student tuition offset than would have been necessary with a payment calculation based only on the marginal instructional costs of the gap number of students minus the tuition paid by the gap number of students. As such, the Minnesota-North Dakota tuition reciprocity interstate payment calculation understates Minnesota's obligation to North Dakota when compared to a marginal instructional cost calculation without an additional student payment subtraction.

Nevertheless, the 1995 agreement met Minnesota and North Dakota objectives and resulted in:

- Elimination of the 25 percent tuition surcharged as requested by Minnesota institutions; and
- an interstate payment calculation producing a revenue stream to North Dakota similar to the revenue stream produced by charging students the resident tuition rate plus a 25 percent surcharge and the non-marginal instructional cost gap payment method, as sought by the University of North Dakota System.

The Minnesota-North Dakota interstate payment calculation agreed to in 1995 remains in effect. The Minnesota-North Dakota interstate payment calculation for the most recently available academic year is shown in Table 12.

¹¹ Minnesota-North Dakota Tuition Reciprocity Agreement, 1990.

¹² There have been between 1.1 and 1.5 Minnesota residents enrolled in North Dakota public institutions for every 1.0 North Dakota resident enrolled in Minnesota public institutions. Minnesotans involved in the discussions with North Dakota in the mid-1990s could not foresee a time when there would be more North Dakota residents enrolled in Minnesota public institutions than Minnesota residents enrolled in North Dakota public institutions. Minnesota's population at roughly five million versus North Dakota's population under 700,000 suggested Minnesota would likely have an ongoing interstate payment to North Dakota.