

**m** OFFICE OF  
HIGHER EDUCATION

January 31, 2017

The Honorable Bud Nornes, Chair  
House Higher Education and Career Readiness Policy and Finance  
471 State Office Building  
100 Rev. Dr. Martin Luther King Jr. Blvd.  
St. Paul, Minnesota 55155-1206

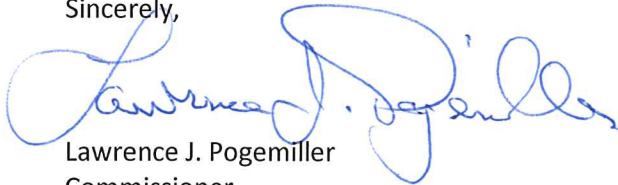
Dear Representative Nornes:

*Minnesota Statutes* 136A.08, Subd. 7 requires the Minnesota Office of Higher Education to annually submit a report to committees of the House of Representatives and the Senate with responsibility for higher education finance on:

- (1) participation in tuition reciprocity programs by Minnesota students and students from other states attending Minnesota postsecondary institutions under a reciprocity agreement;
- (2) reciprocity and resident tuition rates at each institution;
- (3) interstate payments and obligations for each state participating in the tuition reciprocity program in the prior year; and
- (4) summary statistics on number of graduates by institution, degree granted, and year of graduation for reciprocity students who attended Minnesota postsecondary institutions.

Enclosed you will find a copy of the Minnesota Office of Higher Education's *Tuition Reciprocity 2017 Annual Report* in compliance with *Minnesota Statutes* 136A.08, Subd. 7.

Sincerely,



Lawrence J. Pogemiller  
Commissioner

Enclosure

cc: Rep. Drew Christensen, Vice Chair  
Rep. Gene Pelowski Jr.  
Rep. Barb Haley  
Rep. Ilhan Omar  
Rep. Jennifer Schultz  
Rep. Nick Zerwas  
Kaley Taffe  
Legislative Reference Library

Rep. Tony Albright  
Rep. Connie Bernardy  
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OFFICE OF  
HIGHER EDUCATION

# Minnesota Tuition Reciprocity: 2017 Annual Report

February, 2017

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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 also serves as the state's clearinghouse for data, research and analysis on postsecondary enrollment, financial aid, finance and trends.

The Minnesota State Grant Program is the largest financial aid program administered by the Office of Higher Education, awarding up to \$180 million in need-based grants to Minnesota residents attending accredited institutions in Minnesota. The agency oversees tuition reciprocity programs, a student loan program, Minnesota's 529 College Savings Plan, licensing and early college awareness programs for youth.

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## Introduction

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Minnesota's tuition reciprocity agreements, most of which have been in operation for over 40 years, aim to expand education opportunities for Minnesota residents by allowing Minnesota residents (and residents of participating states) to be treated as a resident for the purposes of admissions and tuition, thereby allowing students to attend the institution that best matches and fits their educational needs.

Researchers are finding positive effects related to students choosing a best-match, best-fit institution on the likelihood of enrollment, graduation, and workforce outcomes.<sup>1,2</sup> Economists Cohodes and Goodman (2013) explored the impact of a scholarship program in Massachusetts that incentivized low-income students to attend less-selective state schools rather than more selective institutions. The authors found that participating in the incentive reduced the students' likelihood of graduating on time by 40 percent.<sup>3</sup> Studies have also shown that improving a student's college match is associated with a 20 percent increase in their wages following their postsecondary education (Hoekstra, 2009, November).<sup>4</sup> Minnesota's tuition reciprocity agreements play an important role in providing Minnesota residents with more postsecondary opportunities, some of which may be of perceived equivalent quality and at a lower cost.

Historically, Minnesota's reciprocity agreements were undergirded by three broad principles: The agreements should establish a common market for postsecondary education that promotes student choice. They should avoid providing price incentives or disincentives for Minnesota residents to leave the state. And, the agreements should constrain Minnesota's general fund costs of educating a Minnesota resident at an out-of-state reciprocity institution to an amount similar to or less than Minnesota's general fund cost of educating a Minnesota resident at a comparable Minnesota institution.

In order to fulfill the requirements of *Minnesota Statutes 136A.08, Subd. 7*, the Minnesota Office of Higher Education prepares an annual report on the tuition reciprocity programs for the Minnesota Legislature that presents data on:

- Participation
- Interstate payments
- Tuition rates
- Reciprocity graduates from Minnesota public institutions

The body of this report describes: the statutory basis for reciprocity agreements; reciprocity agreements' geneses; an overview of reciprocity financing, including interstate payment calculations; and data on student participation and outcomes.

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<sup>1</sup> Kurlaender, M. & Grodsky, E. (2013). Mismatch and the paternalistic justification for selective college admissions. *Sociology of Education*. 86: 294-310.

<sup>2</sup> Pender, M., Smith, J., Hurwitz, M., & Howell, J. (2012, October). College choice: Informing students' trade-offs between institutional price and college completion. The College Board. Policy Brief.

<sup>3</sup> Cohodes, S. & Goodman, J. (2013, March). Merit Aid, College Quality and College Completion: Massachusetts' Adams Scholarship as an in-Kind subsidy," Harvard Kennedy School working paper.

<sup>4</sup> Hoekstra, M. (2009, November). The effect of attending the flagship state university on earnings: A discontinuity-based approach. *The Review of Economic and Statistics*. Retrieved from: <http://econweb.tamu.edu/mhoekstra/flagship.pdf>.

## Statutory Authority

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*Minnesota Statutes 136A.08 Subd. 2* states that the purpose of tuition reciprocity is for “. . . the mutual improvement of educational advantages for residents of this state and other states or provinces with whom agreements are made.”

The mutual improvement of educational advantages for Minnesota residents and other states or provinces has been administratively operationalized as removing non-resident public postsecondary institution residency admissions and tuition barriers.<sup>5,6</sup> Under the agreements, when applying for admission to an eligible public postsecondary institution, a Minnesota resident is to be considered like a Wisconsin, North Dakota, South Dakota or Manitoba resident. Similarly, residents of reciprocity states are considered like residents of Minnesota when applying for admission to eligible Minnesota public postsecondary education institutions.<sup>7</sup>

*Minnesota Statutes 136A.08 Subd.2* authorizes the Minnesota Office of Higher Education to enter into tuition reciprocity agreements in consultation with the Commissioner of Minnesota Management and Budget and each affected Minnesota public postsecondary governing board. 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 as provided for in *Minnesota Statutes 136A.08, Subd. 6*. The agreements are ongoing and reviewed annually by the Minnesota Office of Higher Education, and can exist as long as the participating states deem them to be beneficial.

Staff of the Minnesota Office of Higher Education administer Minnesota’s tuition reciprocity agreements in consultation with staff of the Minnesota State Colleges and Universities, the University of Minnesota, the Minnesota Governor’s Office, and the Minnesota Legislature. In addition, staff of the Minnesota Office of Higher Education work with staff at comparable agencies in jurisdictions with which Minnesota has a tuition reciprocity agreement. Details regarding reciprocity tuition rates and program operations are contained in annual administrative memoranda. Annual administrative memoranda documents are signed by the executive directors of higher education boards or agencies in each state before the start of the academic year and disseminated to public postsecondary education campuses.

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<sup>5</sup> For example, under tuition reciprocity Minnesota resident undergraduates enrolling at UW-Madison are charged \$6,880.56 for 15 credits in the Spring of 2017 compared to \$16,869.12 for non-residents ([https://registrar.wisc.edu/tuition\\_&\\_fees.htm](https://registrar.wisc.edu/tuition_&_fees.htm)).

<sup>6</sup> Minnesota’s tuition reciprocity agreements include public postsecondary education institutions in participating states. Typically, all undergraduate and graduate programs of study are available to reciprocity students; however, professional programs may or may not be included in the agreements. Minnesota’s agreement with Wisconsin does not include Wisconsin technical colleges, because Wisconsin’s technical colleges are operated at the local rather than the state level. Minnesota residents can attend Wisconsin technical colleges and pay the Wisconsin technical college Wisconsin resident tuition rate.

<sup>7</sup> Removal of nonresident admission and tuition barriers, along with interstate payments, differentiates Minnesota’s state-wide tuition reciprocity agreements from student exchange programs, such as the Midwest Higher Education Compact’s Student Exchange Program. The Midwest Higher Education Compact’s Student Exchange Program sells excess capacity in a limited number of programs and public institutions at a discounted price.

# History

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Minnesota signed its first reciprocity agreement with Wisconsin in 1969. The initial agreement limited the number of students and the number of public institutions participating from each state. Recognizing the value of the program, Minnesota and Wisconsin expanded the program every year until 1973. In 1973, following a Minnesota and Wisconsin Governors' initiative to establish a 'common market' for college education, the two states signed an unrestricted statewide tuition reciprocity agreement.<sup>8</sup> The impetuses behind the expanded reciprocity agreement were to:

- expand postsecondary education opportunities for state residents, and
- avoid postsecondary institution and program duplication.<sup>9</sup>

Over the next decade, Minnesota entered reciprocity agreements with North Dakota, South Dakota, and a limited agreement with select institutions in Iowa (Table 1).<sup>10</sup>

**Table 1: Minnesota Reciprocity Agreements by Date of Inception**

| Reciprocity State | Date of Inception |
|-------------------|-------------------|
| Wisconsin         | 1969              |
| North Dakota      | 1975              |
| South Dakota      | 1978              |
| Iowa              | 1979              |
| Manitoba          | 1989              |

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, although the Office of Higher Education has not done so in recent years. To date, the Iowa Board of Regents has not been interested in establishing state-wide tuition reciprocity with Minnesota.<sup>11</sup> Minnesota's reciprocity agreement with the Canadian province of Manitoba in 1989 represents the last major expansion of the program.<sup>12</sup>

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<sup>8</sup> See Associate Press, *Common Market, New Plan Eliminates Out-Of-State Tuition Fees*, September 14, 1973. (<http://news.google.com/newspapers?nid=1346&dat=19730914&id=xIROAAAIBAJ&sjid=cfoDAAAIBAJ&pg=7067,3779501>)

<sup>9</sup> Specifically, the agreement allowed Wisconsin to secure seats for their residents in Minnesota's School of Veterinary Medicine.

<sup>10</sup> The state of Minnesota has had a limited reciprocity agreement between Iowa Lakes Community College and Minnesota West Community and Technical College since 1979. Reciprocity students attending the participating institutions pay the resident tuition rate at the institution attended.

<sup>11</sup> 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.

<sup>12</sup> In addition to signing reciprocity agreements, Minnesota has also participated in interstate contracting, which allows states to purchase/reserve seats in specific programs at an institution in a participating state for their residents. Historically, these contractual relationships have been limited to professional schools that have limited capacity. For example, the University of Minnesota allowed Wisconsin residents to reserve seats in the College of Veterinary Medicine until Wisconsin established its own Veterinary Medical program (see: Minnesota Higher Education Coordinating Board. (1985, April 12). The

## Financing

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In order to understand the costs associated with participating in reciprocity agreements for students and states, it is essential for stakeholders to understand the concept of a “marginal instructional cost.”<sup>13</sup> A marginal instructional cost is the economic cost of incremental enrollment. For purposes of tuition reciprocity agreements, the agreements assume that each participating state has existing instructional costs (both fixed and variable) associated with educating their own residents (infrastructure, personnel, etc...) and that incrementally adding additional non-residents will not increase the cost of instruction at a rate that is equal to or greater than the average full instructional cost.<sup>14</sup> In Minnesota’s reciprocity agreements, the marginal instructional cost is set at 64 percent of the per-student instructional costs.<sup>15</sup>

Students, through tuition payments, and participating states, through interstate payments (if the reciprocity agreement requires an interstate payment), bear the responsibility for covering the marginal instructional cost. According to *Minnesota Statutes 136A.08, Subd. 3 and 4*, Minnesota’s reciprocity agreements may include a provision for interstate tuition reciprocity payments according to a formula mutually acceptable to the participating states. Currently, Minnesota has interstate payment agreements with Wisconsin, North Dakota, and South Dakota.<sup>16</sup>

The interstate payment is the result of a cost-based formula that accounts for the total reciprocity tuition paid by students and the number of enrolled reciprocity students. In its simplest form, the cost formula first takes into account the tuition a reciprocity student pays for his or her education. The remaining marginal instructional costs are the responsibility of the general fund of a reciprocity student’s state of residence, as shown in the following formula.

$$\begin{aligned} & \text{Marginal Instructional Costs per Student} \\ & \text{- Reciprocity Tuition Paid per Student} \\ & \text{= State General Fund Obligation per Student} \end{aligned}$$

All else being equal, increasing the tuition paid per student decreases a state’s general fund obligation for tuition reciprocity. Conversely, decreasing the tuition paid per student increases a state’s general fund obligation.

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contractual arrangements allow states to cooperatively provide educational services without incurring the costs associated with developing the program infrastructure needed to offer the same program within their own state’s borders.

<sup>13</sup> The per student marginal instructional costs are operationalized as the total revenue (from state appropriations and tuition) minus exclusions divided by the number of full-time equivalent students.

<sup>14</sup> The tenability of these assumptions has not been studied for the tuition reciprocity program. It is also unclear whether the large number of students participating in the program results in a violation of the assumption that the cost of instruction will not increase at a rate that is equal to or greater than the average full instructional cost. Given the high participation, it may be the case that states and institutions are simply swapping their enrollment. A review of the higher education literature does suggest that the marginal instructional cost for incremental enrollment is less than the average instructional costs for undergraduate instruction (Vedder, 2004).

<sup>15</sup> It is OHE’s current understanding that the 64 percent marginal instructional cost rate estimate was originally based on historical research.

<sup>16</sup> While Minnesota’s agreement with South Dakota includes an interstate payment, the payment has been waived in the annual memorandum of understanding. The historical decision to waive the interstate payment was based on the relatively small payment that was exchanged between the states.



## ***Tuition Rate Setting Approaches***

Tuition rates used in Minnesota's tuition reciprocity agreements reflect agreement among the participating states and their public postsecondary education systems. Reciprocity tuition rate-setting practices have not remained static. Since the inception of statewide tuition reciprocity in the 1960s, the following reciprocity tuition rate setting practices have been used:

1. The resident tuition rate at the institution attended, with or without a surcharge. **The current policy for Minnesota residents attending North Dakota institutions and participating institutions in Manitoba and Iowa.**
2. The higher of the two-state resident tuition rates at comparable institutions. **The current policy in place for the South Dakota and Wisconsin agreements and for North Dakota residents attending Minnesota institutions.**
3. The resident tuition rate at a comparable institution in the student's state of residence, with or without a surcharge. **None of Minnesota's agreements currently utilize this approach.**

Each approach to setting reciprocity tuition rates has advantages and disadvantages. Each approach uses 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 following are advantages and disadvantages of the three tuition setting approaches.

### **1. Students charged the resident tuition rate at the institution attended with or without a surcharge.**

This approach has the advantage of being readily understood by students and their families, and rewards informed consumers from higher-priced states. Educated and savvy consumers (students and their families) also potentially benefit from attending an institution of equivalent quality in a reciprocity state at a lower price than a comparable institution in their home state. Theoretically, if consumers are better informed of lower-priced alternatives of equivalent quality and a sufficient number of them respond by changing their enrollment behavior (choosing the lower priced alternative), this option may create market pressure on higher-priced institutions and governing boards to contain costs, especially during periods of declining enrollment.

One downside of this approach is that it creates a price incentive for students from states with higher resident tuition rates to leave their state of residence. For example, if the Minnesota-Wisconsin tuition reciprocity agreement were to use the resident tuition rate at the institution attended, Minnesota residents would have a price 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 reduction in the annual payment Wisconsin sends to Minnesota. The effect of the price incentive may also result in reduced tuition revenue for Minnesota institutions as students and their families select lower-priced alternatives.

Incorporating a surcharge has several consequences. For students and their families, it artificially increases their cost of pursuing a postsecondary education above the resident rate, which may exceed the marginal instructional cost. It also discourages consumer behaviors that most policymakers are trying to encourage – becoming more informed of postsecondary options in order to find the highest-quality, best-fit institution at the lowest price. By choosing the lower-priced alternative, students may reduce their need to borrow.

Implementing a surcharge reduces the incentive for students to leave the state; however, the strength of this reduction is largely tied to the size of the surcharge. When the cost of tuition and fees plus the surcharge is equivalent to the cost of a comparable institution in Minnesota, the price incentive has been

eliminated as is the case with the North Dakota agreement.<sup>17</sup> All else being equal, and assuming students are already not paying their full marginal instructional cost, incorporating a surcharge reduces Minnesota's financial obligation to a participating reciprocity state.

Tuition rates in Minnesota's agreements with Manitoba and Iowa Lakes Community College are based on charging students 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 effects of the incentives, or conversely the disincentives, on Minnesota institutions. 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.

Instead, the agreement was altered in fall of 2013 so that Minnesota residents attending North Dakota University System institutions would continue to pay the resident rate plus a surcharge, while North Dakota students attending Minnesota institutions pay the higher of two states' residents' rate for the type of campus attended.<sup>18</sup> Because Minnesota institutions' resident tuition rate is higher, North Dakota residents pay Minnesota's resident tuition rates at the institution they attend. The surcharge paid by Minnesota residents attending North Dakota University System institutions is 12 percent of the North Dakota resident rate at the undergraduate level and 27 percent of the North Dakota resident rate at the graduate level.<sup>19</sup> The surcharge was implemented to reduce Minnesota's general fund obligation to North Dakota.

## **2. Students charged the higher of the two states' resident tuition rates at a comparable institution.**

The second approach offers students a lower-price alternative compared to non-resident rates; however, for students from a state with higher resident tuition wanting to attend an institution from a participating state with a lower resident tuition rate, this approach artificially increases the tuition cost for students compared to option #1. In practice, because Minnesota's public postsecondary institutions tuition rates are generally higher than the tuition rates at comparable institutions in reciprocity states, Minnesota resident reciprocity students would pay the higher Minnesota tuition rate charged at a comparable Minnesota institution. Conversely, reciprocity students attending Minnesota public postsecondary education institutions pay the higher Minnesota tuition rate at the institution attended.

Due to this price disincentive, this approach has advantages for institutions in the state with higher resident tuition rates as they are more likely to retain more in-state students.<sup>20</sup> Assuming no changes to enrollment behavior as a result of the increased costs to students from higher priced states, out-of-state institutions will collect additional tuition revenue.<sup>21</sup>

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<sup>17</sup> In the North Dakota agreement, North Dakota State University and the University of North Dakota are considered comparable schools to a MnSCU 4-yr institution.

<sup>18</sup> In between the North Dakota agreement having the 25% surcharge and the revised agreement in 2013, the agreement with North Dakota used the higher of the two state rates at a comparable institution.

<sup>19</sup> The North Dakota University System, with the mutual agreement of Minnesota, reserves the right to increase tuition to 115 percent for undergraduates and 130 percent for graduates over a period not to exceed three years, as necessary.

<sup>20</sup> As the gap between the two states' resident tuition rates closes, the impact of the disincentive diminishes.

<sup>21</sup> As the gap between the two states' resident tuition rates increases, there will likely be greater fall off in reciprocity enrollment, which will offset any revenue gains acquired from the higher tuition price.

The higher of the two-state resident tuition rates at comparable institutions is current practice for all students during or after the 2008-09 academic year in Minnesota's reciprocity agreements with South Dakota and Wisconsin.

### **3. Students charged the resident tuition rate at a comparable institution in the student's state of residence.**

The third 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. 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. For example, under this scenario a Wisconsin student attending the University of Minnesota would pay the University of Wisconsin resident rate, which is lower than the University of Minnesota's resident rate.

The practice of charging students 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 Wisconsin's general fund obligation. Undergraduate students, however, continued to be charged the resident tuition rate at a comparable institution in the student's state of residence at all other public institutions until 2007 when the agreement was altered to charge students the higher of the two states' resident tuition rates at a comparable institution beginning with the 2008-09 academic year. All else being equal, the change to the agreement in 2007 reduced Wisconsin's general fund obligation to Minnesota.<sup>22</sup>

In summary, the state of Minnesota and their partner reciprocity states have experimented with different tuition rate structures over the past 40 years. At different periods of time, reciprocity students have been charged the resident tuition rate at the institution attended; the resident tuition rate at a comparable institution in the student's state of residence; or, the higher of the two state resident tuition rates at comparable institutions.

Currently, two different tuition approaches are used: under the Minnesota-North Dakota, Minnesota-Manitoba, and the limited Minnesota-Iowa agreement students pay the resident tuition rate at the institution attended with or without a surcharge (Table 2), while under the Minnesota-South Dakota and Minnesota-Wisconsin agreements students pay the higher of the state resident tuition rates at comparable institutions.<sup>23</sup>

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<sup>22</sup> 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).

<sup>23</sup> Minnesota resident tuition rates are typically higher than Wisconsin resident tuition rates for all campuses except the University of Wisconsin Colleges (two-year colleges). The resident tuition rates of the University of Wisconsin Colleges are typically higher than the comparable Minnesota state college (two-year college) resident tuition rates.

**Table 2: Tuition Rate Setting Approaches Currently Utilized**

| 1. Resident tuition at the institution attended (with or without a surcharge)                                | 2. The higher of the two-states' resident tuition rates at a comparable institution                  | 3. Resident tuition at comparable institution in the student's state of residence |
|--|--|---|
| Minnesota residents attending North Dakota institutions, and participating institutions in Manitoba and Iowa | South Dakota and Wisconsin agreements, and North Dakota residents attending a Minnesota institutions | Not currently used  |

### ***Marginal Instructional Cost Split***

Today, students shoulder the primary responsibility for paying for Minnesota’s tuition reciprocity agreements through the tuition they pay. Figures 1 and 2 show how costs are allocated between students and the State of Minnesota under both the Wisconsin and North Dakota reciprocity agreements. During the 2015-16 academic year, the tuition paid by Minnesota residents attending Wisconsin exceeded the marginal instructional cost, up from 64 percent during the 2000-01 academic year (Figure 1). Changes to Minnesota’s reciprocity agreements, combined with tuition increases at Minnesota institutions (typically the higher-priced institutions among the two states) have led to students shouldering the full marginal instructional cost.<sup>24</sup>

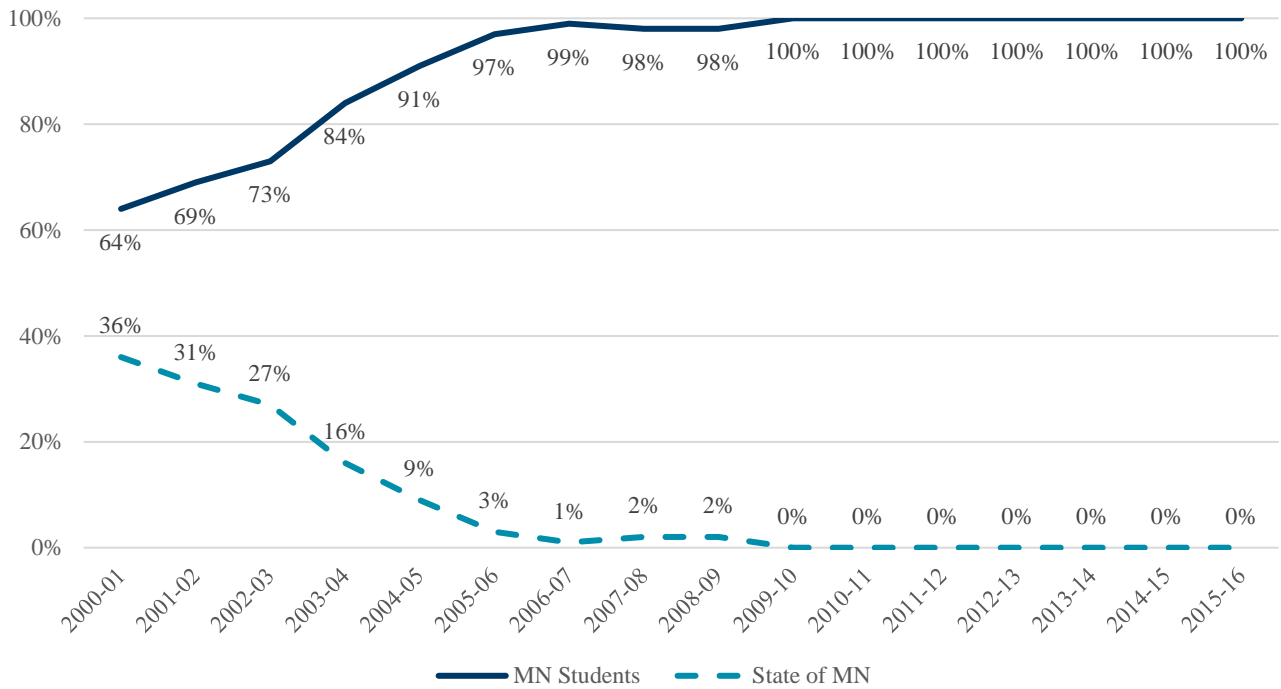
Under the North Dakota agreement, Minnesota residents’ tuition accounted for 82 percent of the marginal instructional cost (down from 100 percent during the 2000-01 academic year), while the State of Minnesota general fund was responsible for the remaining 18 percent (Figure 2).<sup>25</sup> A key contributing factor to the State of Minnesota’s increasing obligation has been the divergent approaches to state investment in higher education and the increased participation by Minnesota students enrolling in North Dakota institutions. For example, Table 3 shows the percent change in state appropriations per full-time equivalent (FTE) student for both Minnesota and North Dakota over the past five years, as well as tuition revenue per FTE and total education revenue per FTE in both states over the same time period. Over the period, North Dakota significantly increased their state support of their public institutions on an FTE basis (up 21.8% over the past five years), while their tuition revenue growth (10%) has been comparable with Minnesota’s (9.5%). Increases in both state support and tuition result in increases in the marginal instructional cost; however, the student’s share (tuition) has increased at a lower rate resulting in Minnesota’s obligation increasing over time.<sup>26</sup>

<sup>24</sup> The trends are the same for Wisconsin students and the State of Wisconsin’s share of the marginal instructional cost.

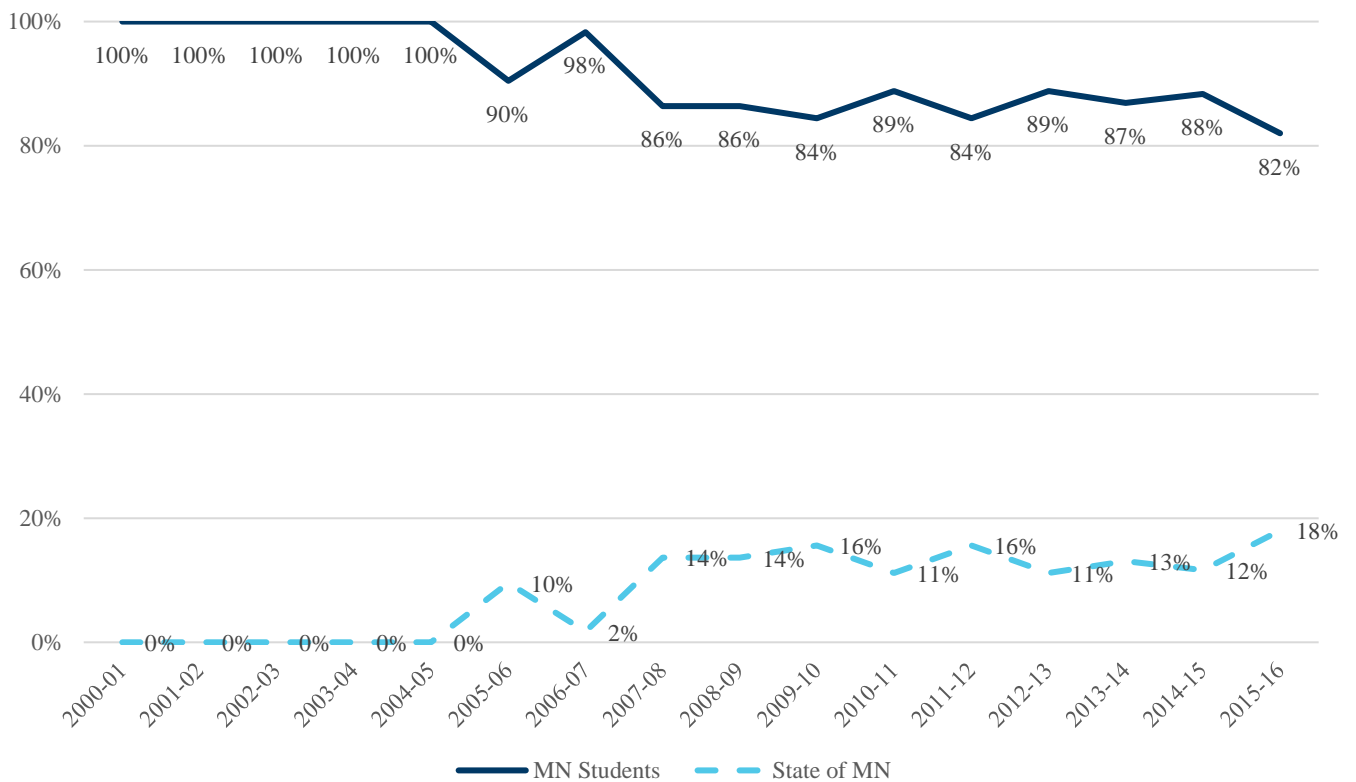
<sup>25</sup> Estimates are based on preliminary invoice data from North Dakota for the 2015-16 academic year.

<sup>26</sup> Marginal instructional costs per student are calculated as the total revenue (from state appropriations and tuition) minus exclusions divided by the number of full-time equivalent students.

**Figure 1: Allocation of Marginal Instructional Costs (Agreement with Wisconsin), 2000-01 to 2015-16**



**Figure 2: Allocation of Marginal Instructional Costs (Agreement with North Dakota), 2000-01 to 2015-16**



Note: 2015-16 Data from North Dakota is preliminary

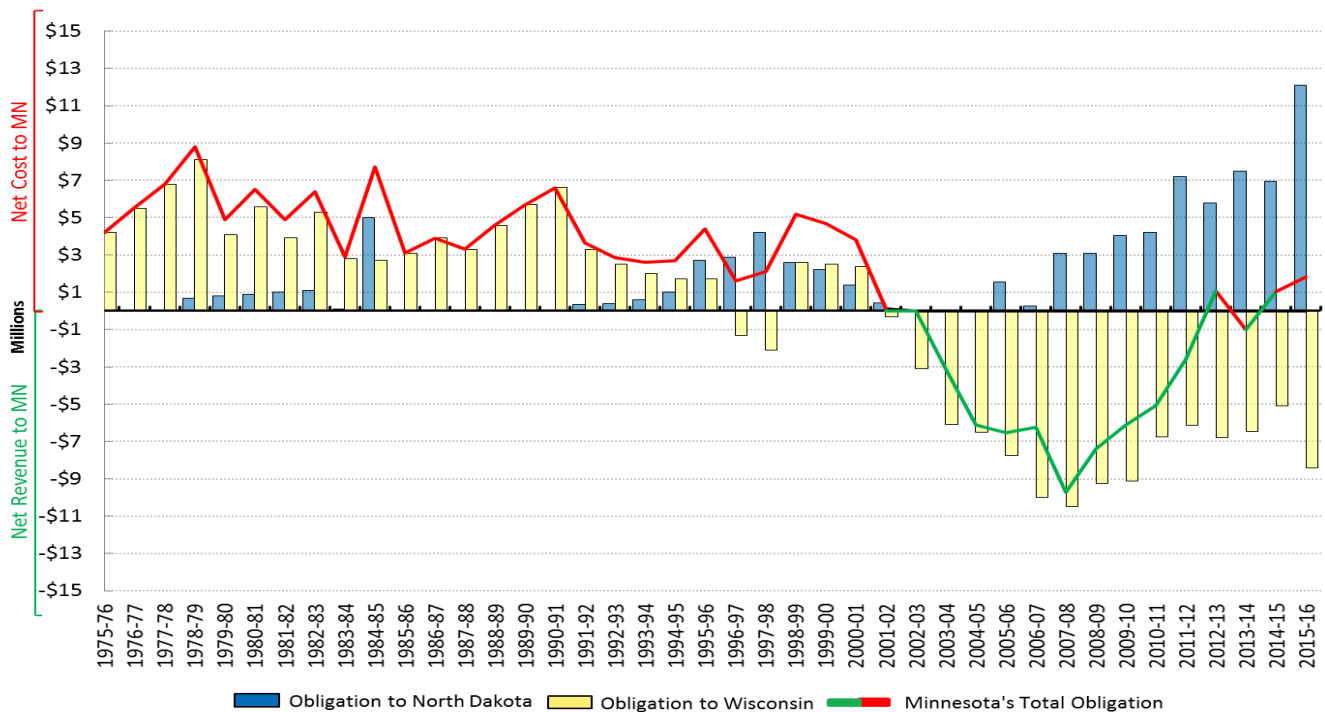
**Table 3: 5-year percent change: Total Educational Appropriations, Appropriations, and Tuition (all per FTE)**

|              | Total Educational Revenues Per FTE | Appropriations per FTE | Net Tuition per FTE | FTEs  |
|--------------|------------------------------------|------------------------|---------------------|-------|
| Minnesota    | 0.2%                               | -10.2%                 | 9.5%                | -8.0% |
| North Dakota | 16.0%                              | 21.8%                  | 10.0%               | -2.4% |

Source: State Higher Education Officers Association (SHEEO), SHEF: FY 2015 - State Higher Education Finance Survey

Historically, both tuition reciprocity agreements with North Dakota and Wisconsin resulted in a general fund obligation for Minnesota (see Figure 3). Changes to the agreement with Wisconsin combined with increasing tuition that eventually exceeded the marginal instructional cost resulted in Wisconsin issuing payments to Minnesota beginning with the 2002-03 academic year. Initially, the payments from Wisconsin more than offset Minnesota’s general fund cost associated with the North Dakota agreement.<sup>27</sup> Over the past four years, however, the net cost to the Minnesota general fund has hovered around a million dollars annually primarily due to increases in North Dakota’s state support and increased participation by Minnesota residents.<sup>28</sup> For the 2015-16 academic year, the net cost of Minnesota’s tuition reciprocity program is projected to be \$3.7 million based on the preliminary invoices from North Dakota and Wisconsin.

**Figure 3: Minnesota’s General Fund Obligation, 1975-16 to 2015-16**



Source: Minnesota Office of Higher Education

<sup>27</sup> Which resulted in net revenue to Minnesota of between \$3 million to \$9 million annually.

<sup>28</sup> Appendix C provides a table of historical obligations.

Note: 2015-16 Data from North Dakota is preliminary

*Minnesota-Wisconsin Interstate Payment Formula*

Because the tuition paid by both Minnesota and Wisconsin students exceeds the marginal instructional cost, Wisconsin’s interstate payment to Minnesota represents the difference in the amount of student tuition paid in excess of marginal instructional costs (Table 4). Specifically, the state with the larger overpayment in tuition over the marginal instructional cost makes a payment to the other state. For the 2015-16 academic year, Wisconsin’s estimated payment to Minnesota’s general fund is \$8.4 million.

**Table 4: Preliminary Minnesota-Wisconsin Interstate Payment Calculation: 2014-15 Academic Year (\$ millions)**

| Payment Variable   | WI Obligation to MN | MN Obligation to WI |
|--|---------------------|---------------------|
| Marginal Instructional Costs                             | \$63.3              | \$87.8              |
| - Student Paid Tuition                                   | \$82.1              | \$115.0             |
| = Remainder  | (\$18.8)            | (\$27.2)            |
| Difference = \$8.4 million WI payment to MN General Fund |                     |                     |

Source: Minnesota Office of Higher Education

*Minnesota-North Dakota Interstate Payment Formula*

The Minnesota-North Dakota agreement uses a marginal cost formula based on the state educating the greatest number of students, defined as “GAP FTE Students” (Table 5).<sup>29</sup> Historically, more Minnesota residents have enrolled in North Dakota public institutions than the reverse, and as a result, the State of Minnesota annually issues a payment to the state of North Dakota.<sup>30</sup> For the 2015-16 academic year, 7,094 more Minnesota full-time-equivalent (FTE) students were enrolled in a North Dakota public postsecondary education institutions than FTEs from North Dakota enrolled in Minnesota.<sup>31</sup> Based on the preliminary invoice from North Dakota, the state of Minnesota’s obligation to the state of North Dakota is anticipated to be \$12.1 million.<sup>32</sup> In addition to the differences in participation between the two states, it appears that a primary contributor to the cost increase over last year (\$6.9 million) is a significant increase in North Dakota’s tuition revenue, which feeds into the operational expenditures per FTE line in the formula below.

<sup>29</sup> Appendix A provides a more detailed overview of the history of the Minnesota-North Dakota tuition reciprocity agreement and the marginal cost formula.

<sup>30</sup> For a description of North Dakota’s success in attracting out-of-state residents to North Dakota public postsecondary education institutions see: Kevin Helliker. *Frigid North Dakota Is a Hot Draw For Out-of-State College Students*, Wall Street Journal, July 16, 2011(<http://online.wsj.com/article/SB10001424052702304231204576406042109860376.html>).

<sup>31</sup> The agreement with North Dakota bases the North Dakota resident tuition rate on the resident undergraduate tuition rate at NDSU/UND.

<sup>32</sup> OHE is in the process of reviewing the invoice.

**Table 5: Preliminary Minnesota-North Dakota Interstate Payment Formula: 2015-16 Academic Year**

|   |   |              |
|---|---|--------------|
|   | Operational Expenditure per FTE         | \$14,937     |
|   | Marginal Expenditure Rate               | 0.64         |
| x | Marginal Expenditure per FTE            | \$9,559      |
| = | Resident Tuition Rate (NDSU/UND)        | \$6,655      |
| - | Remaining Marginal Expenditures per FTE | \$2,904      |
| = | GAP FTE Students                        | 7,094        |
| x | Gross State Obligation                  | \$20,609,606 |
| - | Student Payment                         | \$8,490,973  |
| = | Net State Obligation                    | \$12,118,633 |

Source: Minnesota Office of Higher Education

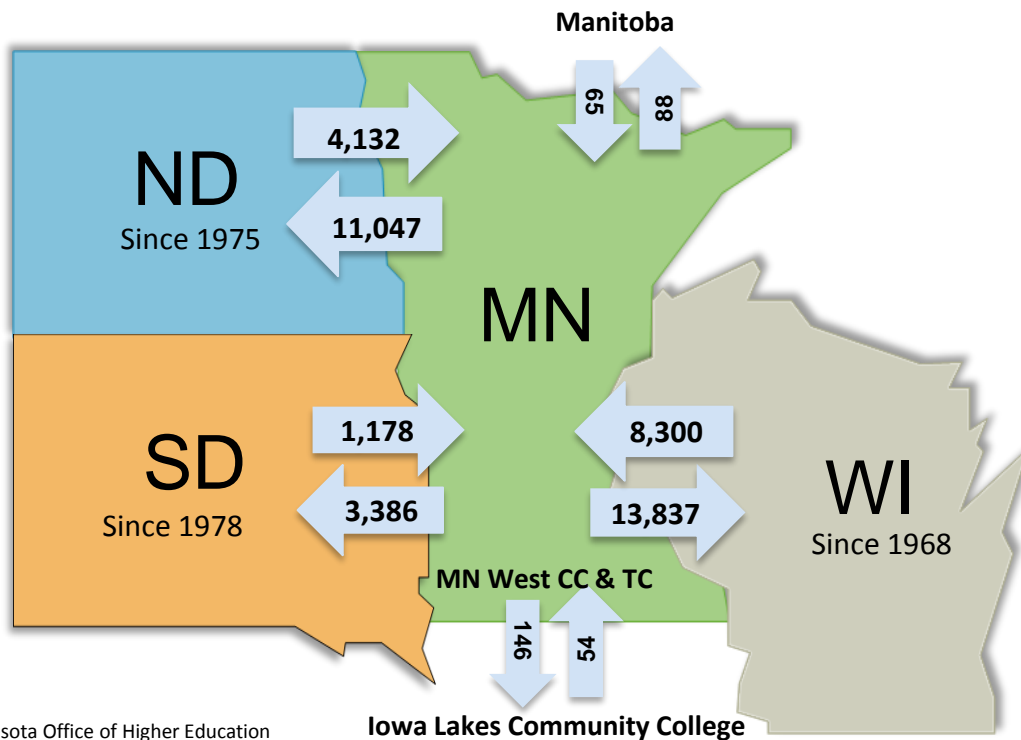


## Participation

Figure 4 shows reciprocity participation by state for fall 2015. In fall 2015, a total of 42,233 students participated in tuition reciprocity. Of the participating students, 28,504 were Minnesota residents enrolled in reciprocity institutions in Wisconsin, North Dakota, South Dakota, Iowa, and Manitoba, and 13,729 were residents of reciprocity states enrolled in Minnesota public postsecondary institutions. Nearly 94 of reciprocity students were undergraduates, the remaining six percent were graduate and professional students.

Over 99 percent of reciprocity students were enrolled under Minnesota’s agreements with Wisconsin, North Dakota and South Dakota.<sup>33</sup> Minnesota’s tuition reciprocity agreements with Manitoba and Iowa Lakes Community College enroll relatively few students each year.<sup>34</sup> In Iowa, 146 Minnesota residents were enrolled in the five campuses of Iowa Lakes Community College and 54 Iowa residents were enrolled in the five campuses of Minnesota West Community and Technical College.<sup>35</sup> Only 88 Minnesota residents were enrolled in Manitoba public postsecondary institutions, while 65 Manitoba residents enrolled in Minnesota public postsecondary institutions.

**Figure 4: Reciprocity Participation by State, Fall 2015 Enrollment**



Source: Minnesota Office of Higher Education

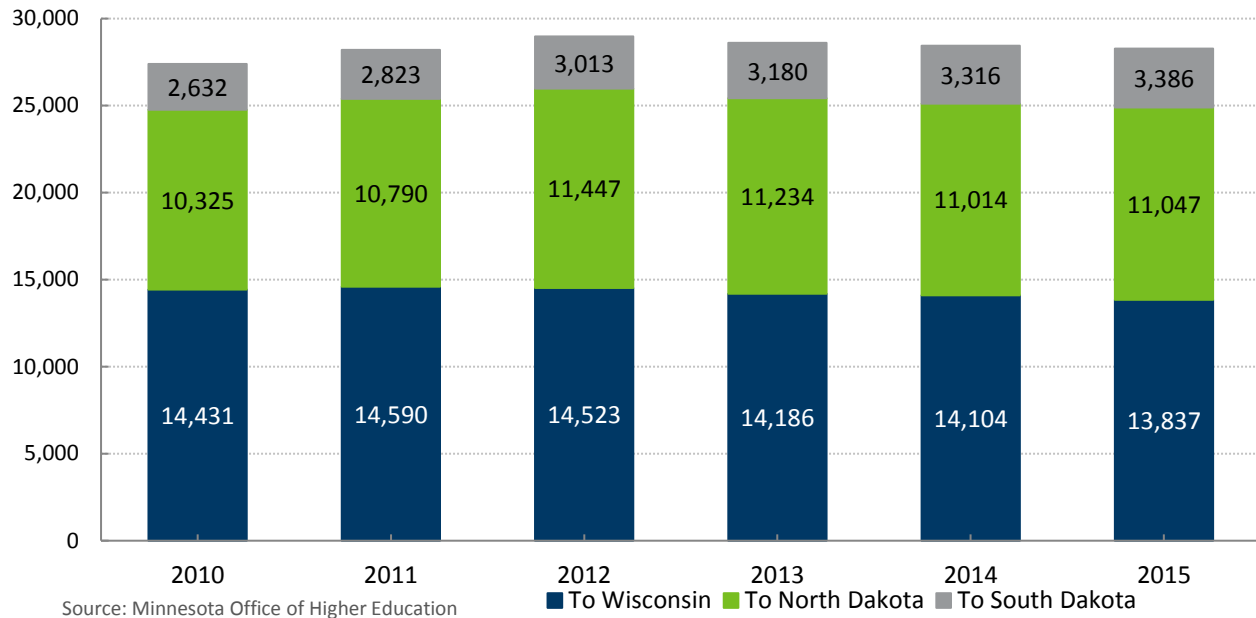
Minnesota resident participation in reciprocity in Wisconsin, North Dakota, and South Dakota has increased slightly from 27,388 students in fall 2010 to 28,270 students in fall 2015 (Figure 5).

<sup>33</sup> See Appendix B for historical and fall 2015 enrollment data.

<sup>34</sup> The agreement with Iowa allows Iowa residents to attend Minnesota West Community & Technical College.

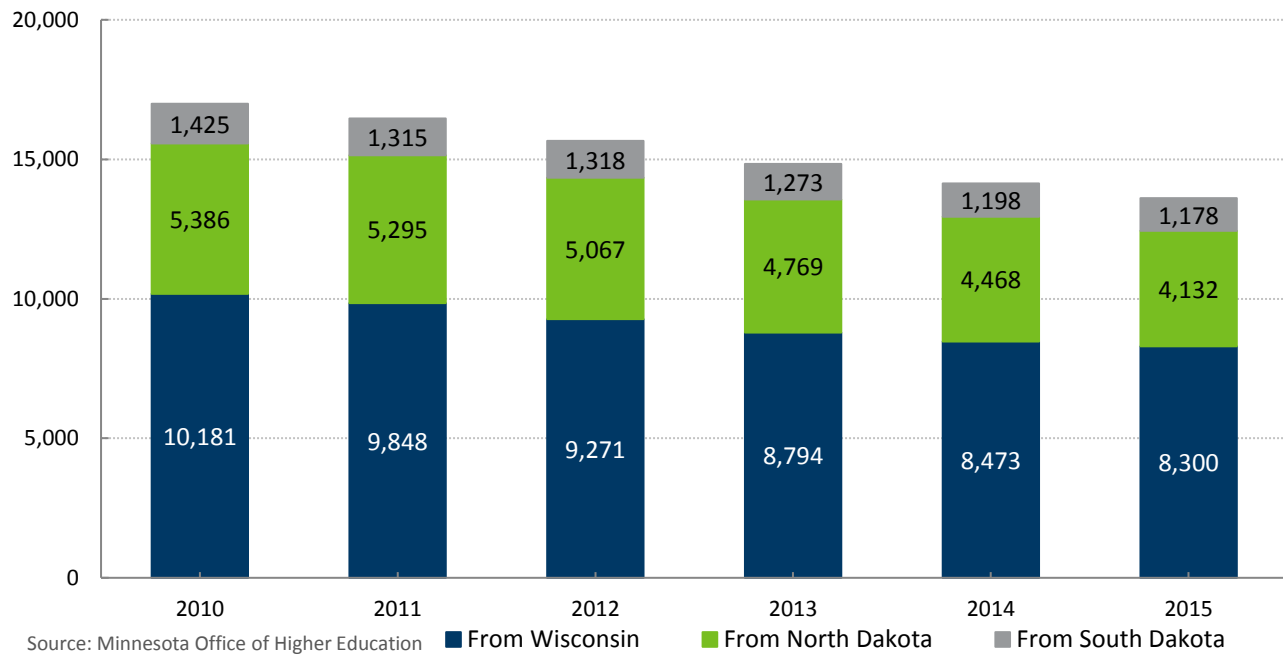
<sup>35</sup> The count presented includes all Iowa residents enrolled at Minnesota West Technical and Community College.

**Figure 5: Reciprocity Participation of Minnesota Residents, Fall 2010 to Fall 2015**



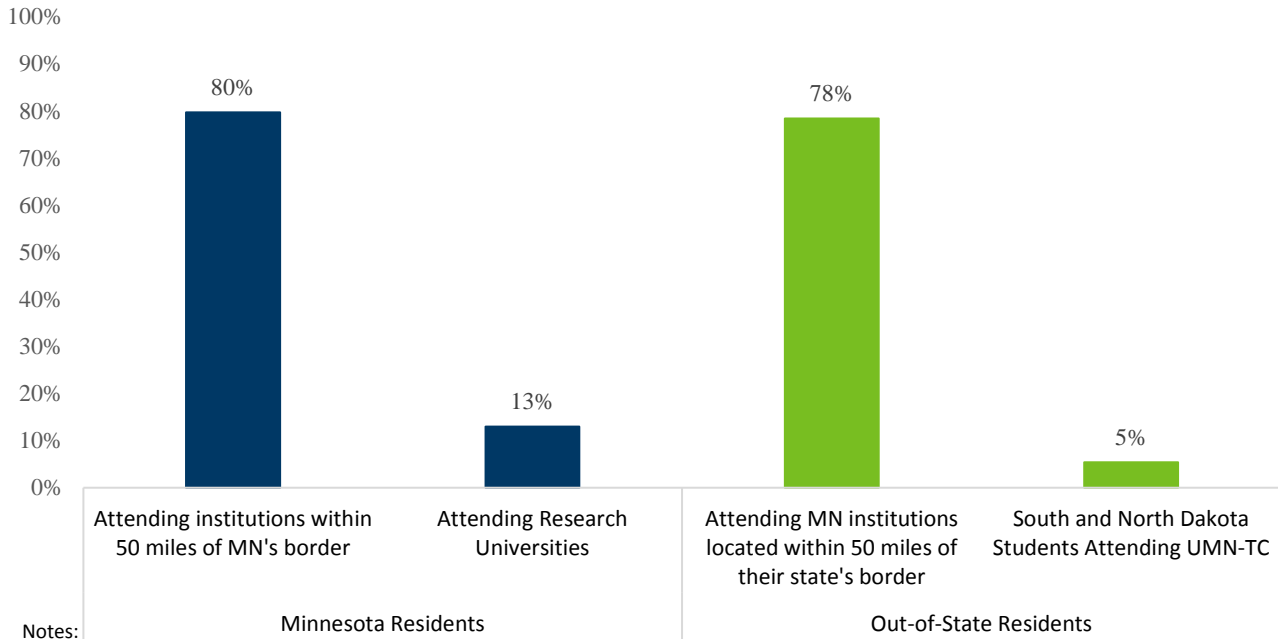
Reciprocity participation by residents of Wisconsin, North Dakota and South Dakota has decreased over the last six years, from 16,992 students in the fall 2010 to 13,160 students in the fall 2015 (Figure 6).

**Figure 6: Reciprocity Participation at Minnesota Institutions by Students' State of Origin, Fall 2010 to Fall 2015**



Reciprocity participation patterns reflect institutional proximity to state borders (see Figure 7). For example, 80 percent of Minnesota resident reciprocity students enroll at institutions within 50 miles from the border.<sup>36</sup> Likewise, 78 percent of out-of-state reciprocity students enroll in Minnesota institutions within 50 miles of their states’ borders. For participating institutions located near a state boarder, reciprocity may serve as a key revenue source, especially in periods of declining enrollment.

**Figure 7: Reciprocity Enrollment by Proximity to State Borders, Fall 2015**



Notes:

1. North Dakota State University and University of North Dakota are excluded from the "Attending Research University" counts for MN residents; however, they are included in the "Attending Institutions with 50 miles of MN's border" counts. Likewise, Wisconsin residents attending the University of Minnesota - Twin Cities are included in the "Attending MN institutions located within 50 miles of their state's borders".
2. Mileage is based on approximate estimations

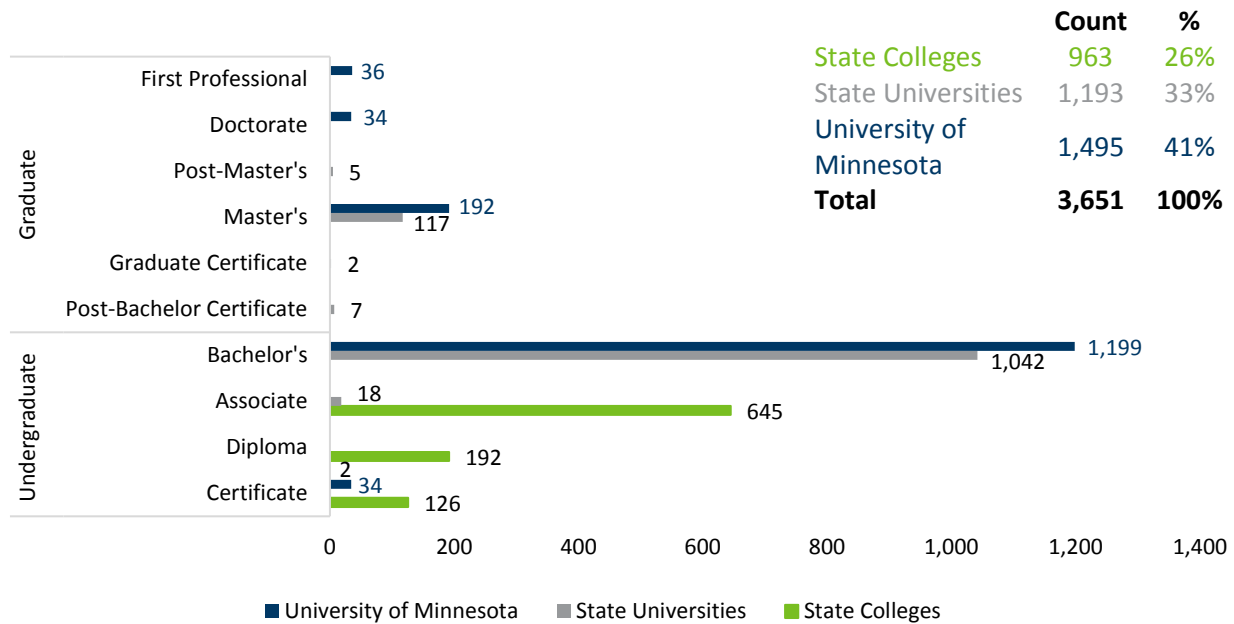
Source: Minnesota Office of Higher Education

<sup>36</sup> North Dakota State University-Fargo, University of North Dakota-Grand Forks, South Dakota State University-Brookings, and the following University of Wisconsin campuses: River Falls, Stout (Menomonie, WI), Eau Claire, LaCrosse, and Superior

## Outcomes

During the 2015-16 academic year, tuition reciprocity students enrolled in Minnesota public postsecondary education institutions earned 3,651 postsecondary credentials (Figure 8). Undergraduate degrees represented 89 percent of all the degrees awarded, with graduate degrees composing the remaining 11 percent. Of the 3,651 credentials conferred, Minnesota State accounted for 59 percent (State Colleges – 26%, State Universities – 33%), while the University of Minnesota conferred 41 percent. Non-resident students participating in reciprocity primarily appear to be pursuing bachelor’s degrees (61%).

**Figure 8: Credentials Awarded by Type and Sector, 2015-16 Academic Year**



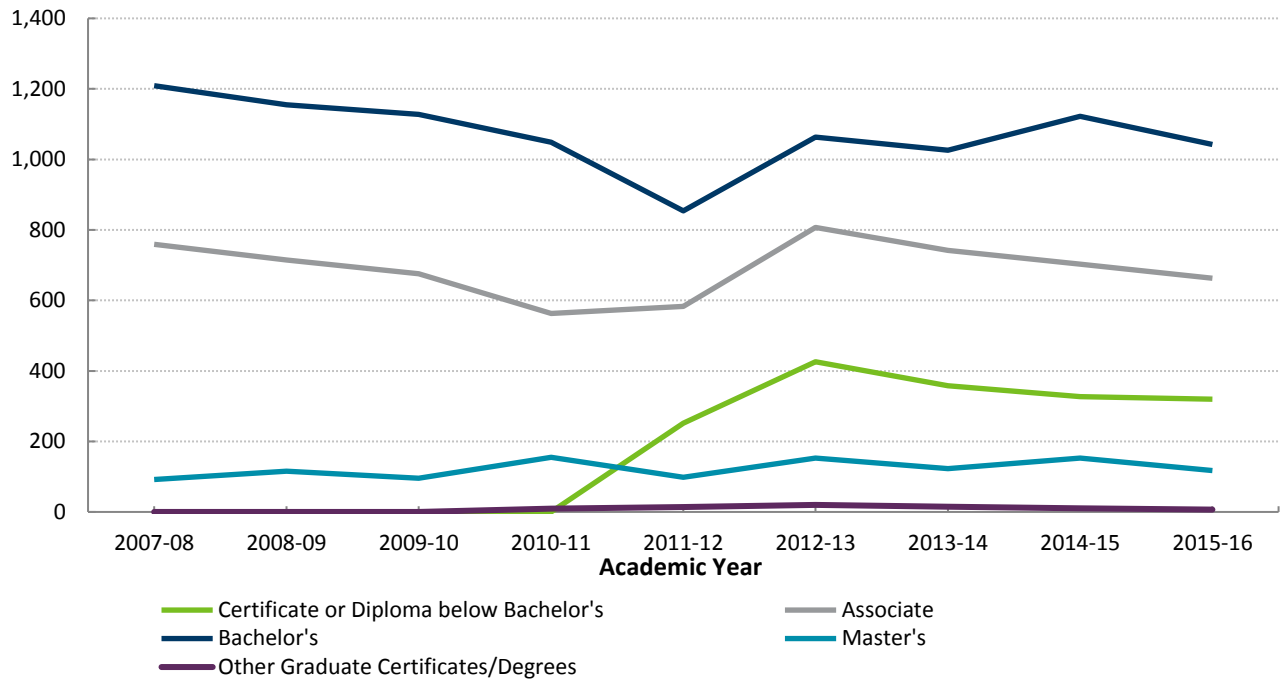
The number of reciprocity student graduates in 2015-16 decreased slightly from the previous year at both the University of Minnesota and the Minnesota State Colleges and Universities (Figures 9 & 10). Over the same period there also has been less reciprocity students enrolled in Minnesota as shown on page 15.<sup>37</sup> Enrollments typically increase during periods of economic distress (the great recession) and decline as the economy recovers and displaced workers begin re-entering the labor market. Postsecondary full-time equivalent enrollments are down nationally over the last five years by 2 percent, with the declines larger in Wisconsin (7.5%) and North Dakota (2.4%).<sup>38</sup>

The number of bachelor’s degrees awarded to non-resident reciprocity participants at the University of Minnesota have declined from over 1,685 in 2007-08 to 1,199 in 2015-16. Within Minnesota State, the bachelor’s degree and associate’s degree trend lines follow similar trajectories, with the number of bachelor’s degrees awarded declining from 1,209 in 2007-08 to 1,042 in 2015-16, and the number of associate’s degree decreasing from 715 to 663 over the same period.

<sup>37</sup> Tuition reciprocity postsecondary credential data at individual institutions for 2015-16 are in Appendix E.

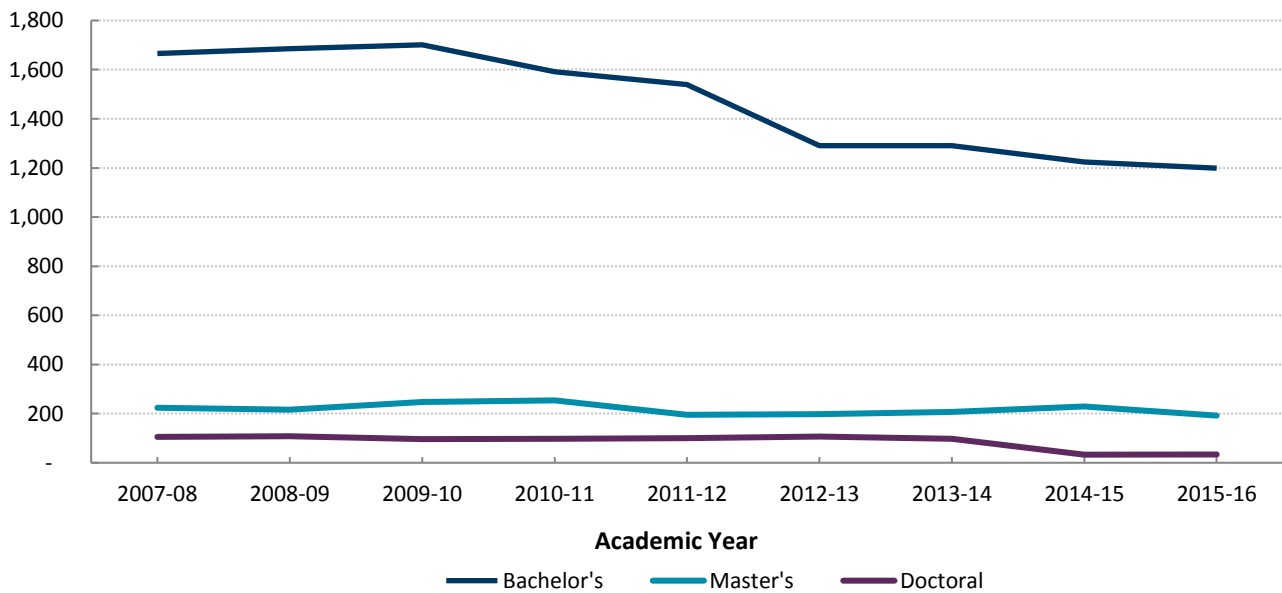
<sup>38</sup> Source: State Higher Education Officers Association (SHEEO), SHEF: FY 2015 - State Higher Education Finance Survey

**Figure 9: Minnesota State Colleges and Universities Tuition Reciprocity Graduates, 2007-08 to 2015-16**



Source: Minnesota State Colleges and Universities

**Figure 10: University of Minnesota Tuition Reciprocity Graduates, 2007-08 to 2015-16**



Source: University of Minnesota

## Appendix A: Minnesota-North Dakota Agreement History

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The current Minnesota-North Dakota payment calculation was agreed to in 1995 and implemented in academic year 1996-1997. Prior to the revised agreement, undergraduate and graduate students paid the resident tuition at the institution attended plus a 25 percent surcharge. 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.<sup>39</sup>*

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. 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.

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 by North Dakota institutions. It also 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 also agreed in 1995 that 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

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<sup>39</sup> Minnesota-North Dakota Tuition Reciprocity Agreement, 1990.

calculation introduced the idea of basing the payment on 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.”<sup>40</sup>

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.<sup>41</sup> 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 minus the tuition offset. 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.
- 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. However, to offset the increases in Minnesota’s interstate payment obligation to North Dakota in 2013-2014 Minnesota reciprocity students began paying the Minnesota resident rate plus a surcharge. Currently, Minnesota reciprocity students pay the North Dakota resident rate plus a surcharge of 12 percent for undergraduates and 27 percent for graduate and professional students.

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<sup>40</sup> Minnesota-North Dakota Tuition Reciprocity Agreement, 1990.

<sup>41</sup> There have been between 1.1 and 2.0 Minnesota residents enrolled in North Dakota public institutions for every 1.0 North Dakota residents 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, given the difference in Minnesota and North Dakota’s population and high school graduates.

See also: Kevin Helliker. *Frigid North Dakota Is a Hot Draw For Out-of-State College Students*, Wall Street Journal, July 16, 2011 (<http://online.wsj.com/article/SB10001424052702304231204576406042109860376.html>).

## Appendix B: Reciprocity Fall Headcounts

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**Table 6: Fall Headcounts, 2010-2015**

|      | Minnesota & Wisconsin           |                                 | Minnesota & North Dakota        |                                 | Minnesota & South Dakota        |                                 |
|------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|---------------------------------|
|      | MN Residents<br>Attending in WI | WI Residents<br>Attending in MN | MN Residents<br>Attending in ND | ND Residents<br>Attending in MN | MN Residents<br>Attending in SD | SD Residents<br>Attending in MN |
| 2010 | 14,431                          | 10,181                          | 10,325                          | 5,386                           | 2,632                           | 1,425                           |
| 2011 | 14,590                          | 9,848                           | 10,790                          | 5,295                           | 2,823                           | 1,315                           |
| 2012 | 14,523                          | 9,282                           | 11,447                          | 5,067                           | 3,013                           | 1,318                           |
| 2013 | 14,186                          | 8,794                           | 11,234                          | 4,769                           | 3,180                           | 1,273                           |
| 2014 | 14,104                          | 8,473                           | 11,014                          | 4,468                           | 3,316                           | 1,198                           |
| 2015 | 13,837                          | 8,300                           | 11,047                          | 4,132                           | 3,386                           | 1,178                           |

Source: Minnesota Office of Higher Education



**Table 7: Minnesota-Wisconsin Reciprocity Participation, Fall 2015**

| Minnesota Residents Enrolled in Wisconsin Institutions |               |            |               | Wisconsin Residents Enrolled in Minnesota Institutions |               |            |              |
|--|---------------|------------|---------------|--|---------------|------------|--------------|
|  | Undergraduate | Graduate   | Total         |  | Undergraduate | Graduate   | Total        |
| U of WI-Madison  | 3,019         | 132        | <b>3,151</b>  | Anoka-Ramsey Community College                         | -             | -          | -            |
| U of WI-Milwaukee                                      | 367           | 60         | <b>427</b>    | Bemidji State University                               | 45            | 2          | <b>47</b>    |
| U of WI-Green Bay                                      | 57            | -          | <b>57</b>     | Central Lakes College                                  | -             | -          | -            |
| UW College System                                      | 17            | -          | <b>17</b>     | Century College  | 72            | -          | <b>72</b>    |
| U of WI-Stout  | 2,253         | 65         | <b>2,318</b>  | Fond du Lac Tribal & Cmty College                      | 3             | -          | <b>3</b>     |
| U of WI-Eau Claire                                     | 2,358         | 32         | <b>2,390</b>  | Hibbing Community College                              | 2             | -          | <b>2</b>     |
| U of WI-LaCrosse                                       | 1,294         | 98         | <b>1,392</b>  | Inver Hills Community College                          | 1             | -          | <b>1</b>     |
| U of WI-Oshkosh  | 57            | 3          | <b>60</b>     | Itasca Community College                               | 13            | -          | <b>13</b>    |
| U of WI-Platteville                                    | 137           | -          | <b>137</b>    | Lake Superior College                                  | 317           | -          | <b>317</b>   |
| U of WI-River Falls                                    | 2,510         | 116        | <b>2,626</b>  | Mesabi Range Cmty & Tech College                       | 3             | -          | <b>3</b>     |
| U of WI-Stevens Point                                  | 334           | 15         | <b>349</b>    | Metro State University                                 | 54            | 11         | <b>65</b>    |
| U of WI-Superior                                       | 780           | 57         | <b>837</b>    | Minneapolis Cmty & Tech College                        | 2             | -          | <b>2</b>     |
| U of WI-Whitewater                                     | 68            | 8          | <b>76</b>     | MN State Cmty & Tech College                           | 26            | -          | <b>26</b>    |
| U of WI-Parkside                                       | -             | -          | -             | MN State Univ Moorhead                                 | 74            | 8          | <b>82</b>    |
| <b>Total</b>   | <b>13,251</b> | <b>586</b> | <b>13,837</b> | MN State Univ, Mankato                                 | 677           | 26         | <b>703</b>   |
|  |               |            |               | MN West Cmty & Tech College                            | 20            | -          | <b>20</b>    |
|  |               |            |               | Normandale Community College                           | 2             | -          | <b>2</b>     |
|  |               |            |               | North Hennepin Community College                       | -             | -          | -            |
|  |               |            |               | Northland Cmty & Tech College                          | 9             | -          | <b>9</b>     |
|  |               |            |               | Rainy River Community College                          | 8             | -          | <b>8</b>     |
|  |               |            |               | Ridgewater College                                     | 11            | -          | <b>11</b>    |
|  |               |            |               | Riverland Community College                            | 11            | -          | <b>11</b>    |
|  |               |            |               | Rochester Cmty & Tech College                          | 6             | -          | <b>6</b>     |
|  |               |            |               | Southwest MN State Univ                                | 14            | -          | <b>14</b>    |
|  |               |            |               | St Cloud State Univ                                    | 393           | 38         | <b>431</b>   |
|  |               |            |               | Univ of MN-Crookston                                   | 62            | -          | <b>62</b>    |
|  |               |            |               | University of MN-Duluth                                | 687           | 69         | <b>756</b>   |
|  |               |            |               | University of MN-Morris                                | 3             | -          | <b>3</b>     |
|  |               |            |               | University of MN-TC                                    | 3,421         | 419        | <b>3,840</b> |
|  |               |            |               | Vermilion Community College                            | 43            | -          | <b>43</b>    |
|  |               |            |               | Winona State University                                | 1,689         | 59         | <b>1,748</b> |
|  |               |            |               | <b>Total</b>   | <b>7,668</b>  | <b>632</b> | <b>8,300</b> |

**Table 8: Minnesota-North Dakota Reciprocity Participation, Fall 2015**

Minnesota Residents Enrolled in North Dakota Institutions

|                              | Undergraduate | Graduate   | Professional | Total         |
|------------------------------|---------------|------------|--------------|---------------|
| Bismarck State College       | 18            | -          | -            | 18            |
| Dickinson State University   | 10            | -          | -            | 10            |
| Mayville State University    | 98            | -          | -            | 98            |
| Minot State University       | 5             | -          | -            | 5             |
| NDSU-Wahpeton                | 521           | -          | -            | 521           |
| Dakota College at Bottineau  | 19            | -          | -            | 19            |
| NDSU-Fargo                   | 5,578         | 172        | 2            | 5,752         |
| UND-Grand Forks              | 4,092         | 362        | 2            | 4,456         |
| Lake Region State College    | 41            | -          | -            | 41            |
| UND-Williston                | -             | -          | -            | -             |
| Valley City State University | 127           | -          | -            | 127           |
| <b>Total</b>                 | <b>10,509</b> | <b>534</b> | <b>4</b>     | <b>11,047</b> |

North Dakota Residents Enrolled in Minnesota Institutions

|                                   | Undergraduate | Graduate   | Professional | Total        |
|-----------------------------------|---------------|------------|--------------|--------------|
| Alexandria Technical College      | 5             | -          | -            | 5            |
| Anoka Technical College           | -             | -          | -            | -            |
| Anoka-Ramsey Cmty College         | -             | -          | -            | -            |
| Bemidji State University          | 42            | 2          | -            | 44           |
| Central Lakes College             | -             | -          | -            | -            |
| Century College                   | 2             | -          | -            | 2            |
| Dakota County Technical College   | -             | -          | -            | -            |
| Fond du Lac Tribal & Cmty College | -             | -          | -            | -            |
| Hennipen Technical College        | -             | -          | -            | -            |
| Hibbing Community College         | -             | -          | -            | -            |
| Inver Hills Community College     | 1             | -          | -            | 1            |
| Itasca Community College          | -             | -          | -            | -            |
| Lake Superior College             | 4             | -          | -            | 4            |
| Mesabi Range Cmty & Tech College  | -             | -          | -            | -            |
| Metro State University            | 9             | -          | -            | 9            |
| Minneapolis Cmty & Tech College   | -             | -          | -            | -            |
| MN State Cmty & Tech College      | 1,130         | -          | -            | 1,130        |
| MN State College-SE Technical     | 5             | -          | -            | 5            |
| MN State University Moorhead      | 1,197         | 142        | -            | 1,339        |
| MN State University, Mankato      | 32            | 4          | -            | 36           |
| MN West Cmty & Tech College       | -             | -          | -            | -            |
| Normandale Community College      | -             | -          | -            | -            |
| North Hennepin Cmty College       | -             | -          | -            | -            |
| Northland Cmty & Tech College     | 965           | -          | -            | 965          |
| NW Technical College-Bemidji      | 5             | -          | -            | 5            |
| Pine Technical College            | 3             | -          | -            | 3            |
| Rainy River Community College     | -             | -          | -            | -            |
| Ridgewater College                | 3             | -          | -            | 3            |
| Riverland Community College       | 1             | -          | -            | 1            |
| Rochester Cmty & Tech College     | 1             | -          | -            | 1            |
| South Central Technical College   | 1             | -          | -            | 1            |
| Southwest MN State University     | 5             | -          | -            | 5            |
| St Cloud State University         | 56            | 4          | -            | 60           |
| St Cloud Technical College        | 8             | -          | -            | 8            |
| St Paul College                   | -             | -          | -            | -            |
| University of MN-Crookston        | 91            | -          | -            | 91           |
| University of MN-Duluth           | 67            | 4          | -            | 71           |
| University of MN-Morris           | 1             | -          | -            | 1            |
| University of MN-Tw in Cities     | 282           | 30         | 17           | 329          |
| Vermilion Community College       | 2             | -          | -            | 2            |
| Winona State University           | 11            | -          | -            | 11           |
| <b>Total</b>                      | <b>3,929</b>  | <b>186</b> | <b>17</b>    | <b>4,132</b> |

**Table 9: Minnesota-South Dakota Reciprocity Participation, Fall 2015**

| Minnesota Residents Enrolled in South Dakota Institutions |               |            |              |
|---|---------------|------------|--------------|
|   | Undergraduate | Graduate   | Total        |
| Black Hills State University                              | 28            | -          | <b>28</b>    |
| Dakota State University                                   | 131           | 5          | <b>136</b>   |
| Northern State University                                 | 152           | 1          | <b>153</b>   |
| SDSM&T  | 298           | 5          | <b>303</b>   |
| SDSU-Brookings  | 2,170         | 73         | <b>2,243</b> |
| USD-Vermillion  | 442           | 81         | <b>523</b>   |
| <b>Total</b>  | <b>3,221</b>  | <b>165</b> | <b>3,386</b> |

| South Dakota Residents Enrolled in Minnesota Institutions |               |            |              |
|---|---------------|------------|--------------|
|   | Undergraduate | Graduate   | Total        |
| Anoka-Ramsey Cmty College                                 | 6             | -          | <b>6</b>     |
| Bemidji State University                                  | 10            | 1          | <b>11</b>    |
| Central Lakes College                                     | -             | -          | -            |
| Century College   | 3             | -          | -            |
| Fond du Lac Tribal & Cmty College                         | -             | -          | -            |
| Hibbing Community College                                 | -             | -          | -            |
| Inver Hills Community College                             | 1             | -          | <b>1</b>     |
| Itasca Community College                                  | -             | -          | -            |
| Lake Superior College                                     | 2             | -          | <b>2</b>     |
| Mesabi Range Cmty & Tech College                          | -             | -          | -            |
| Metro State University                                    | 3             | 2          | -            |
| Minneapolis Cmty & Tech College                           | 10            | -          | <b>10</b>    |
| MN State Cmty & Tech College                              | -             | -          | -            |
| MN State University Moorhead                              | 133           | 10         | <b>143</b>   |
| MN State University, Mankato                              | 264           | 4          | <b>268</b>   |
| MN West Cmty & Tech College                               | 29            | -          | <b>29</b>    |
| Normandale Community College                              | -             | -          | -            |
| North Hennipen Cmty College                               | -             | -          | -            |
| Northland Cmty & Tech College                             | 1             | -          | <b>1</b>     |
| Rainy River Community College                             | -             | -          | -            |
| Ridgewater College  | 3             | -          | <b>3</b>     |
| Riverland Community College                               | 1             | -          | <b>1</b>     |
| Rochester Cmty & Tech College                             | -             | -          | -            |
| South Central College                                     | 2             | -          | <b>2</b>     |
| Southwest MN State University                             | 135           | 22         | <b>157</b>   |
| St Cloud State University                                 | 72            | 9          | <b>81</b>    |
| St Paul College   | 1             | -          | <b>1</b>     |
| University of MN-Crookston                                | 8             | -          | <b>8</b>     |
| University of MN-Duluth                                   | 10            | 6          | <b>16</b>    |
| University of MN-Morris                                   | 4             | -          | <b>4</b>     |
| University of MN-Twin Cities                              | 342           | 64         | <b>406</b>   |
| Vermilion Community College                               | 1             | -          | <b>1</b>     |
| Winona State University                                   | 19            | -          | <b>19</b>    |
| <b>Total</b>  | <b>1,060</b>  | <b>118</b> | <b>1,178</b> |

## Appendix C: Interstate Payments

**Table 10: Wisconsin Interstate Payment, 2015-16 Academic Year**

| Minnesota's Obligation to Wisconsin   |                   |                             |                      |                      |
|---|-------------------|-----------------------------|----------------------|----------------------|
|   | Number of Credits | Marginal Instructional Cost | Student Paid Tuition | Net State Obligation |
| U.W. Madison - Undergraduate  | 83,526            | \$23,855,861                | \$36,197,072         | -\$12,341,211        |
| U.W. Milwaukee Undergraduate  | 10,499            | \$2,199,541                 | \$4,327,623          | -\$2,128,083         |
| U.W. Madison - Graduate   | 3,473             | \$2,668,410                 | \$2,724,602          | -\$56,192            |
| U.W. Milwaukee Graduate   | 1,070             | \$782,983                   | \$797,813            | -\$14,830            |
| U.W. College System   | 382               | \$62,820                    | \$80,468             | -\$17,648            |
| U.W. Comprehensive 4-year - Undergraduate   | 278,032           | \$54,947,365                | \$67,143,865         | -\$12,196,500        |
| U.W. Comprehensive 4-year - Graduate  | 8,838             | \$3,284,643                 | \$3,722,928          | -\$438,285           |
| <b>Total</b>  | <b>385,820</b>    | <b>\$87,801,623</b>         | <b>\$114,994,372</b> | <b>-\$27,192,750</b> |
| Wisconsin's Obligation to Minnesota   |                   |                             |                      |                      |
|   | Number of Credits | Marginal Instructional Cost | Student Paid Tuition | Net State Obligation |
| U of M Twin Cities & Morris   | 100,699           | \$28,760,641                | \$40,302,715         | -\$11,542,074        |
| U of M Duluth - Undergrad   | 20,322            | \$4,257,459                 | \$7,858,455          | -\$3,600,996         |
| U of M Twin Cities Graduate   | 11,633            | \$8,938,137                 | \$9,033,603          | -\$95,466            |
| U of M Duluth - Graduate  | 1,789             | \$1,309,411                 | \$1,319,336          | -\$9,925             |
| MnSCU State Colleges  | 12,605            | \$2,072,892                 | \$2,086,793          | -\$13,901            |
| MnSCU 4-year & U of M Crookston - Undergrad   | 86,808            | \$17,155,766                | \$20,647,471         | -\$3,491,705         |
| MnSCU State Universities - Graduate   | 2,245             | \$834,354                   | \$887,110            | -\$52,756            |
| <b>Total</b>  | <b>236,101</b>    | <b>\$63,328,661</b>         | <b>\$82,135,484</b>  | <b>-\$18,806,823</b> |
| <b>Difference in Net State Totals = Wisconsin payment to Minnesota General Fund</b> |                   |                             |                      | <b>\$8,385,927</b>   |

Source: Minnesota Office of Higher Education

**Table 11: Minnesota's General Fund Obligation, 1975-76 to 2015-16**

| Year    | Obligation to North Dakota | Obligation to Wisconsin | Minnesota's Total Obligation |
|---------|----------------------------|-------------------------|------------------------------|
| 1975-76 | \$ -                       | \$ 4.20                 | \$ 4.20                      |
| 1976-77 | \$ -                       | \$ 5.50                 | \$ 5.50                      |
| 1977-78 | \$ -                       | \$ 6.80                 | \$ 6.80                      |
| 1978-79 | \$ 0.70                    | \$ 8.10                 | \$ 8.80                      |
| 1979-80 | \$ 0.80                    | \$ 4.10                 | \$ 4.90                      |
| 1980-81 | \$ 0.90                    | \$ 5.60                 | \$ 6.50                      |
| 1981-82 | \$ 1.00                    | \$ 3.90                 | \$ 4.90                      |
| 1982-83 | \$ 1.10                    | \$ 5.30                 | \$ 6.40                      |
| 1983-84 | \$ 0.10                    | \$ 2.80                 | \$ 2.90                      |
| 1984-85 | \$ 5.00                    | \$ 2.70                 | \$ 7.70                      |
| 1985-86 | \$ -                       | \$ 3.10                 | \$ 3.10                      |
| 1986-87 | \$ -                       | \$ 3.90                 | \$ 3.90                      |
| 1987-88 | \$ -                       | \$ 3.30                 | \$ 3.30                      |
| 1988-89 | \$ -                       | \$ 4.60                 | \$ 4.60                      |
| 1989-90 | \$ -                       | \$ 5.70                 | \$ 5.70                      |
| 1990-91 | \$ -                       | \$ 6.60                 | \$ 6.60                      |
| 1991-92 | \$ 0.35                    | \$ 3.30                 | \$ 3.65                      |
| 1992-93 | \$ 0.37                    | \$ 2.50                 | \$ 2.87                      |
| 1993-94 | \$ 0.60                    | \$ 2.00                 | \$ 2.60                      |
| 1994-95 | \$ 1.00                    | \$ 1.70                 | \$ 2.70                      |
| 1995-96 | \$ 2.70                    | \$ 1.70                 | \$ 4.40                      |
| 1996-97 | \$ 2.90                    | \$ (1.30)               | \$ 1.60                      |
| 1997-98 | \$ 4.20                    | \$ (2.10)               | \$ 2.10                      |
| 1998-99 | \$ 2.60                    | \$ 2.60                 | \$ 5.20                      |
| 1999-00 | \$ 2.20                    | \$ 2.50                 | \$ 4.70                      |
| 2000-01 | \$ 1.40                    | \$ 2.40                 | \$ 3.80                      |
| 2001-02 | \$ 0.43                    | \$ (0.30)               | \$ 0.13                      |
| 2002-03 | \$ -                       | \$ (3.10)               | \$ (3.10)                    |
| 2003-04 | \$ -                       | \$ (6.10)               | \$ (6.10)                    |
| 2004-05 | \$ -                       | \$ (6.51)               | \$ (6.51)                    |
| 2005-06 | \$ 1.54                    | \$ (7.77)               | \$ (6.23)                    |
| 2006-07 | \$ 0.28                    | \$ (10.00)              | \$ (9.72)                    |
| 2007-08 | \$ 3.10                    | \$ (10.50)              | \$ (7.40)                    |
| 2008-09 | \$ 3.10                    | \$ (9.23)               | \$ (6.13)                    |
| 2009-10 | \$ 4.03                    | \$ (9.10)               | \$ (5.07)                    |
| 2010-11 | \$ 4.20                    | \$ (6.77)               | \$ (2.57)                    |
| 2011-12 | \$ 7.20                    | \$ (6.13)               | \$ 1.07                      |
| 2012-13 | \$ 5.80                    | \$ (6.80)               | \$ (1.00)                    |
| 2013-14 | \$ 7.49                    | \$ (6.46)               | \$ 1.03                      |
| 2014-15 | \$ 6.94                    | \$ (5.10)               | \$ 1.84                      |
| 2015-16 | \$ 12.12                   | \$ (8.40)               | \$ 3.72                      |

Note: 2015-16 Data for North Dakota is preliminary

## Appendix D: Graduates by Institution

**Table 12: University of Minnesota Reciprocity Graduates, 2015-16**

|              | Certificate –<br>pre-bachelor | Bachelor’s   | Certificate –<br>post-bachelor | Master’s   | Doctoral  | First<br>Professional | Total        |
|--------------|-------------------------------|--------------|--------------------------------|------------|-----------|-----------------------|--------------|
| Crookston    | 2                             | 45           |                                |            |           |                       | 47           |
| Duluth       | 2                             | 141          |                                | 21         |           |                       | 164          |
| Morris       | 0                             | 3            |                                |            |           |                       | 3            |
| Rochester    | 0                             | 5            |                                |            |           |                       | 5            |
| Twin Cities  | 30                            | 1005         | 7                              | 171        | 34        | 36                    | 1283         |
| <b>Total</b> | <b>34</b>                     | <b>1,199</b> | <b>7</b>                       | <b>192</b> | <b>34</b> | <b>36</b>             | <b>1,502</b> |

Source: University of Minnesota



**Table 13: Preliminary MnSCU Reciprocity Graduates, 2015-16 (Preliminary)**

| Institution                                     | Degree Type |         |           |            |                      |          |               |           | Total |
|---|-------------|---------|-----------|------------|----------------------|----------|---------------|-----------|-------|
|   | Certificate | Diploma | Associate | Bachelor's | Graduate Certificate | Master's | Post-Master's | Doctorate |       |
| <b>Community and Technical Colleges</b>         |             |         |           |            |                      |          |               |           |       |
| Alexandria Technical and Community College      |             | 2       | 2         |            |                      |          |               |           | 4     |
| Anoka Colleges                                  |             |         |           |            |                      |          |               |           |       |
| Anoka-Ramsey Community College                  |             |         | 1         |            |                      |          |               |           | 1     |
| Anoka Technical College                         |             |         |           |            |                      |          |               |           |       |
| Central Lakes College                           |             |         |           |            |                      |          |               |           |       |
| Century College                                 | 5           | 2       | 15        |            |                      |          |               |           | 22    |
| Dakota County Technical College                 |             | 2       | 5         |            |                      |          |               |           | 7     |
| Fond du Lac Tribal and Community College        | 1           |         | 1         |            |                      |          |               |           | 2     |
| Hennepin Technical College                      |             |         |           |            |                      |          |               |           |       |
| Inver Hills Community College                   |             |         | 2         |            |                      |          |               |           | 2     |
| Lake Superior College                           | 22          | 11      | 59        |            |                      |          |               |           | 92    |
| Minneapolis Community and Technical College     | 1           |         | 2         |            |                      |          |               |           | 3     |
| Minnesota State College - Southeast Technical   | 25          | 28      | 59        |            |                      |          |               |           | 112   |
| Minnesota State Community and Technical College | 15          | 70      | 226       |            |                      |          |               |           | 311   |
| Minnesota West Community and                    | 4           | 10      | 11        |            |                      |          |               |           | 25    |



|  |    |    |     |  |  |  |  |     |
|--|----|----|-----|--|--|--|--|-----|
| Technical College                            |    |    |     |  |  |  |  |     |
| Normandale Community College                 |    |    |     |  |  |  |  |     |
| North Hennepin Community College             |    |    |     |  |  |  |  |     |
| Northeast Higher Education District          |    |    |     |  |  |  |  |     |
| Hibbing Community College                    | 2  |    |     |  |  |  |  | 2   |
| Itasca Community College                     |    | 2  |     |  |  |  |  | 2   |
| Mesabi Range Community and Technical College |    |    |     |  |  |  |  |     |
| Rainy River Community College                |    | 1  |     |  |  |  |  | 1   |
| Vermilion Community College                  | 3  | 10 |     |  |  |  |  | 13  |
| Northland Community and Technical College    | 45 | 50 | 225 |  |  |  |  | 320 |
| Northwest Technical College - Bemidji        |    |    |     |  |  |  |  |     |
| Pine Technical College                       | 4  | 7  | 7   |  |  |  |  | 18  |
| Ridgewater College                           |    | 5  | 6   |  |  |  |  | 11  |
| Riverland Community College                  |    |    |     |  |  |  |  |     |
| Rochester Community and Technical College    | 1  | 1  | 3   |  |  |  |  | 5   |
| St. Cloud Technical and Community College    |    | 2  | 7   |  |  |  |  | 9   |
| Saint Paul College                           |    |    |     |  |  |  |  |     |
| South Central College                        |    |    | 1   |  |  |  |  | 1   |

|                                      |            |            |            |              |          |            |          |              |
|--------------------------------------|------------|------------|------------|--------------|----------|------------|----------|--------------|
| <b>Subtotal Colleges</b>             | <b>126</b> | <b>192</b> | <b>645</b> |              |          |            |          | <b>963</b>   |
| <b>Universities</b>                  |            |            |            |              |          |            |          |              |
| Bemidji State University             |            |            | 16         |              | 1        |            |          | <b>17</b>    |
| Metropolitan State University        |            |            | 18         |              | 3        |            |          | <b>21</b>    |
| Minnesota State University, Mankato  | 1          | 1          | 186        |              | 13       |            |          | <b>201</b>   |
| Minnesota State University Moorhead  | 1          |            | 334        |              | 51       | 5          |          | <b>391</b>   |
| St. Cloud State University           |            | 3          | 91         | 1            | 18       |            |          | <b>113</b>   |
| Southwest Minnesota State University |            | 1          | 32         |              | 9        |            |          | <b>42</b>    |
| Winona State University              |            | 13         | 365        | 1            | 22       |            |          | <b>401</b>   |
| <b>Subtotal Universities</b>         | <b>2</b>   |            | <b>18</b>  | <b>1,042</b> | <b>2</b> | <b>117</b> | <b>5</b> | <b>1,186</b> |
| <b>System Total</b>                  | <b>128</b> | <b>192</b> | <b>663</b> | <b>1,042</b> | <b>2</b> | <b>117</b> | <b>5</b> | <b>2,149</b> |

Source: Minnesota State Colleges and Universities

