



Minnesota Tuition Reciprocity Annual Report

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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 more than \$210 million annually in need-based grants to Minnesota residents attending eligible colleges, universities and career schools in Minnesota. The agency oversees other state scholarship programs, tuition reciprocity programs, a student loan program, Minnesota's 529 College Savings Plan, licensing and early college awareness programs for youth.

About This Report

This is a legislative-mandated report. As requested by Minnesota Statutes, section 3.197, this report cost approximately \$3,504.52 to prepare, including staff time.

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Introduction

Minnesota’s tuition reciprocity agreements, most of which have been in operation for over 40 years, establish a common market for postsecondary education promoting student choice. Specifically, the agreements 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 admission and tuition, thereby allowing students to attend the institution that best matches and fits their educational needs.

Researchers find positive effects on the likelihood of enrollment, graduation, and workforce outcomes, as a result of students choosing a best-match, best-fit institution.^{1,2} Economists Cohodes and Goodman (2014) explored the impact of a scholarship program in Massachusetts that incentivized students to attend less-selective state schools rather than more selective institutions. The authors found that participating in the program reduced the students’ likelihood of graduating on time by 27%.³ Studies have also shown that improving a student’s college match is associated with a 20% increase in their wages following their postsecondary education (Hoekstra, 2009, November).⁴

Minnesota’s tuition reciprocity agreements play an important role in providing Minnesota residents with more postsecondary opportunities, some of which may be perceived by students and their families as being of equivalent quality and at a lower cost.

In order to fulfill the requirements of *Minnesota Statutes 136A.08, Subd. 7*, the Minnesota Office of Higher Education (OHE) 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’ history; student participation; Minnesota’s interstate payment calculations; and student outcomes.

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

² 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.

³ Cohodes, S. R., & Goodman, J. S. (2014). Merit aid, college quality, and college completion: Massachusetts’ Adams scholarship as an in-kind subsidy. *American Economic Journal: Applied Economics*, 6(4), 251-85.

⁴ 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

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 admission and tuition barriers at participating public institutions.⁵ 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 for admission and tuition purposes.⁶ Similarly, residents of reciprocity states are treated as residents of Minnesota when applying for admission to eligible Minnesota public postsecondary education institutions.⁷

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 (MMB) and each affected Minnesota public postsecondary governing board. Tuition reciprocity agreements are not valid until approved by the University of Minnesota (UMN) Board of Regents and the Minnesota State Board of Trustees as provided for in *Minnesota Statutes 136A.08, Subd. 6*. The agreements are ongoing and reviewed annually by the Office of Higher Education, and can exist as long as the participating states deem them to be beneficial.

Office staff administer Minnesota’s tuition reciprocity agreements in consultation with University of Minnesota and Minnesota State staff, the Minnesota Governor’s Office, and the Minnesota Legislature. In addition, the Office works with comparable agencies in states and jurisdictions that have a tuition reciprocity agreement with Minnesota. 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 the higher education boards or agencies in each state before the start of the academic year and disseminated to public postsecondary education campuses.

⁵ For example, under tuition reciprocity Minnesota resident undergraduates enrolling at UW-Madison are charged \$7,393 for 15 credits in the fall of 2020 compared to \$19,315 for non-residents (<https://bursar.wisc.edu/tuition-and-fees/tuition-rates>).

⁶ 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 apply directly to Wisconsin technical colleges, and if admitted, pay the Wisconsin technical college Wisconsin resident tuition rate.

⁷ 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, which is typically higher than the reciprocity rate.

History

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.⁸ The expanded reciprocity agreement was designed to:

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

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

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 (OHE) has asked the Iowa Board of Regents to consider expanding tuition reciprocity to include all public institutions in Minnesota and Iowa, although OHE 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.¹¹ Minnesota's reciprocity agreement with the Canadian province of Manitoba in 1989 represents the last major expansion of the program.¹²

⁸ 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>)

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

¹⁰ 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.

¹¹ 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.

¹² 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 contractual arrangements allowed 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.

Participation

Overview

In a traditional postsecondary market, students may be disincentivized, or even deterred, from enrolling in an out-of-state institution due to non-resident tuition costs - which can reach nearly two hundred percent of the resident tuition rate.^{13,14} While non-resident tuition revenue remains important for institutional budgets, it may limit postsecondary options for lower- and middle-income and traditionally underserved students, including the institutions located closest to students, which they may otherwise consider.

Reciprocity agreements establish a new “common market,” expanding affordable postsecondary options for Minnesota residents and residents of participating states. Additionally, they allow states to leverage participating states’ postsecondary infrastructure and programs, enhancing postsecondary regional efficiencies.¹⁵ Specifically, participating states under the agreements treat out-of-state students as residents for purposes of tuition and admission – promoting student choice by making out-of-state institutions more affordable for Minnesota students and their families.

In practice, however, although all of Minnesota’s reciprocity agreements utilize the resident tuition rate as a baseline, the agreements vary in their tuition setting approaches/frameworks - creating differing incentives/disincentives that may differentially impact states’ student participation (Table 2). Despite these differences, the common market created by Minnesota’s reciprocity agreements provides Minnesota students and families with increased affordable postsecondary options compared to a traditional postsecondary market.

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

¹³ Minnesota institution’s 2019-20 resident and non-resident tuition rates can be found here: <http://www.ohe.state.mn.us/sPages/TuitionChart.cfm?SchState=MN&pageID=651>

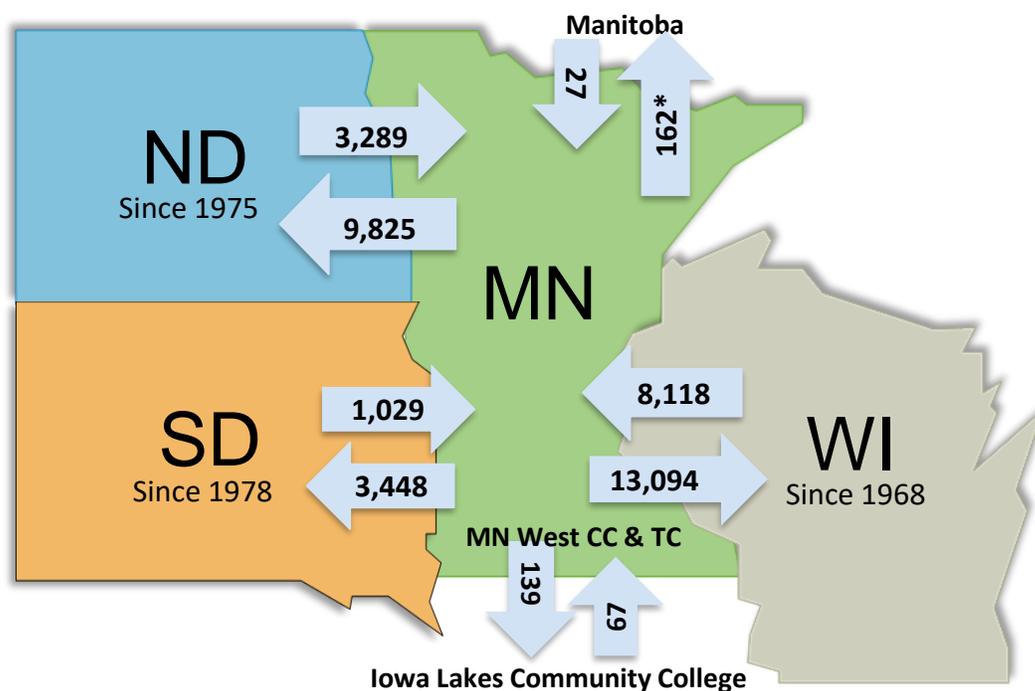
¹⁴ Some Minnesota State Universities do not charge a non-resident rate that differs from their resident rate.

¹⁵ The enrollment of North Dakota students at Minnesota State Community Technical College and Northland Community and Technical College may be an example of a regional efficiency (see Figure 5).

Student Flow

Figure 1 shows reciprocity enrollments by participating states.¹⁶ In fall 2019, a total of 39,198 students participated in tuition reciprocity (92% were undergraduate students).¹⁷ Of the participating students, 26,668 (68%) were Minnesota residents enrolled in reciprocity institutions in participating states, while 12,541 (32%) were residents of participating states enrolled in Minnesota public postsecondary institutions. Minnesota’s reciprocity agreements with Wisconsin and North Dakota represent the bulk of all reciprocity enrollments (88%). Minnesota’s agreement with South Dakota composes an additional 11 percent of the total participation, while Minnesota’s agreements with Iowa and Manitoba enroll relatively few students each year.¹⁸

Figure 1: Reciprocity Participation by State, Fall 2019 Enrollment



Source: Minnesota Office of Higher Education

*Count of MN students in Manitoba is for full-year '19-'20

Historically, Minnesota residents participated in reciprocity in greater numbers than residents of participating states, largely because Minnesota’s population dwarfs that of most of its participating neighbors (Wisconsin being the exception, see Figure 13 in Appendix A); however, the participation gap has widened over the past ten years.¹⁹ Since 2010, participation of Minnesota residents under the reciprocity agreements with Wisconsin, North Dakota, and South Dakota (Minnesota’s three largest agreements in terms of student flow) declined from

¹⁶ See Table 6 in Appendix B for historical fall enrollment data.

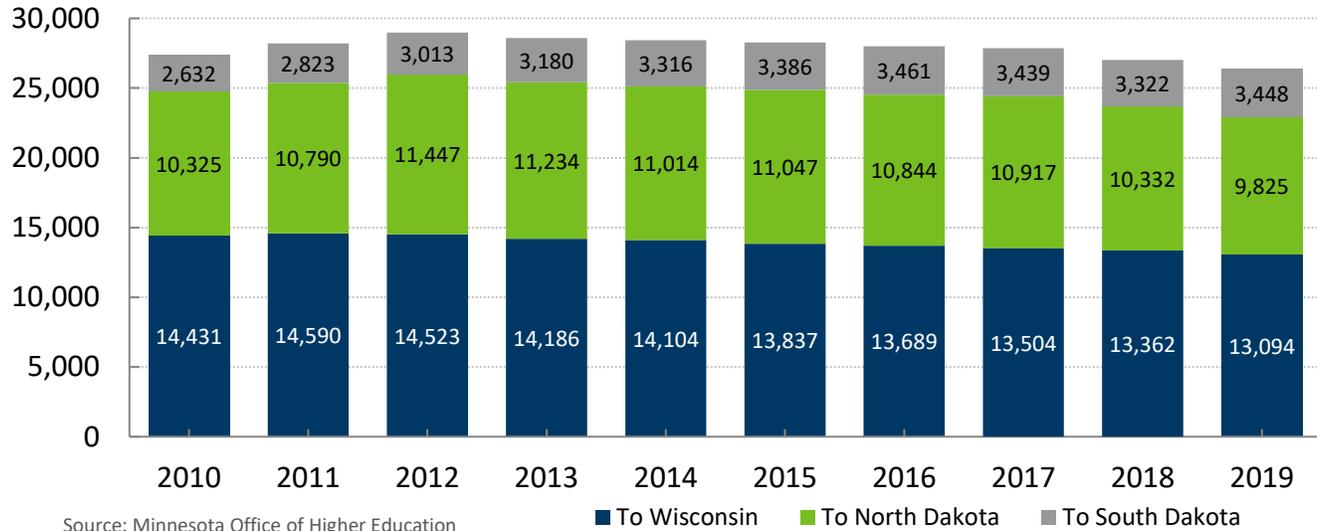
¹⁷ The number of Minnesota residents enrolling in Manitoba is for the full academic year 2019-20.

¹⁸ As previously stated, the agreement with Iowa allows Iowa residents to attend Minnesota West Community & Technical College and Minnesota residents to attend Iowa Lakes Community College.

¹⁹ Data from the mid-1980s show the same trends.

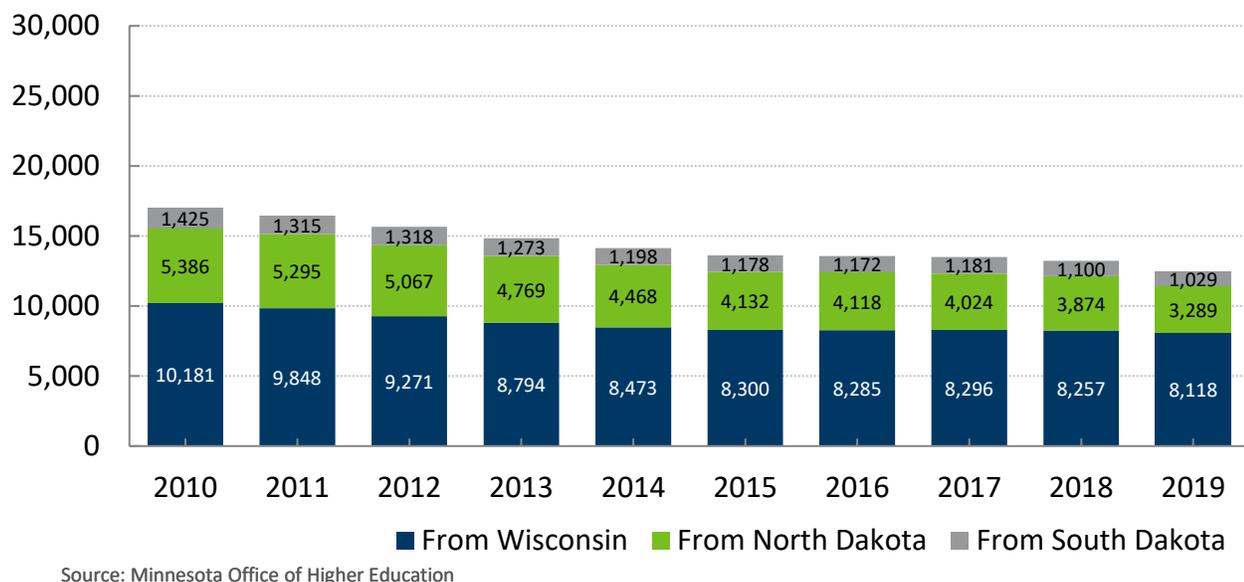
27,388 students in fall 2010 to 26,367 students in fall 2019 – indicating that growth in the participation gap did not result from increases in Minnesota participation (Figure 2).

Figure 2: Reciprocity Participation of Minnesota Residents, Fall 2010 to Fall 2019



Over the same period, reciprocity participation by residents of Wisconsin, North Dakota, and South Dakota decreased 27 percent, from 16,992 students in fall 2010 to 12,436 students in fall 2019 (Figure 3). Specifically, Wisconsin’s participation decreased by about 20 percent, and North Dakota’s decreased by 39 percent. The next two sections examine where students chose to enroll under Minnesota’s two largest reciprocity agreements (Wisconsin and North Dakota), whether the tuition rate approach utilized may incent differences in participation between the states, and what impact the enrollment trends may have on the interstate payments.

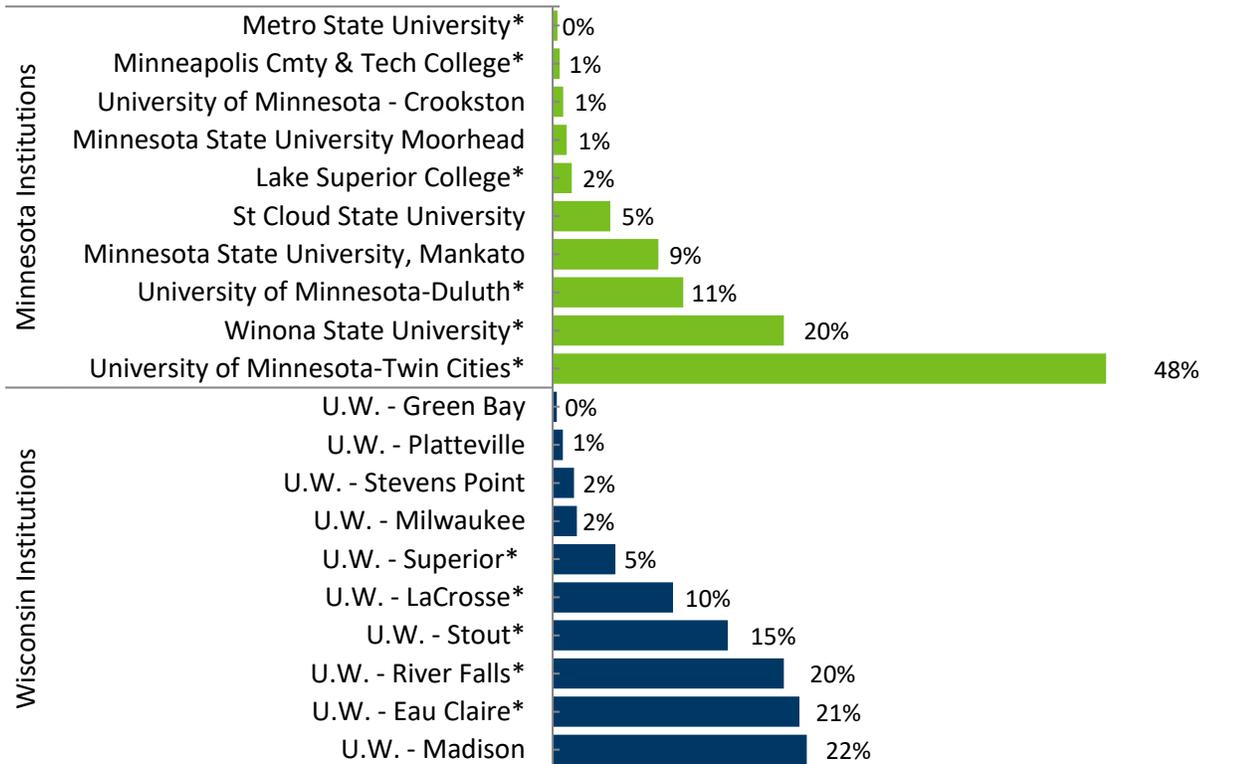
Figure 3: Reciprocity Participation of Minnesota Institutions by Students’ State of Origin, Fall 2010 to Fall 2019



Minnesota – Wisconsin Agreement

Minnesota’s reciprocity agreement with Wisconsin represents Minnesota’s largest in terms of student flow. In fall 2019, 13,094 students from Minnesota chose to enroll at a Wisconsin institution through reciprocity, while 8,118 Wisconsin students attended a Minnesota institution. Students participating under the Minnesota – Wisconsin agreement pay the higher of the two states’ resident tuition rates at a comparable institution, meaning both Minnesota and Wisconsin students typically pay Minnesota tuition rates.²⁰ Under this approach, Wisconsin students may be disincentivized from attending a Minnesota institution compared to the costs of enrolling in a comparable Wisconsin institution. Minnesota students, however, are neither incentivized nor disincentivized from enrolling in a Wisconsin institution in terms of tuition because they pay the same tuition rate they would have paid to attend a comparable Minnesota institution. While residents of both states benefit from additional postsecondary options – as the program intended – only Minnesota residents gain additional postsecondary options at an equivalent price to what they would have paid in their home state.²¹

Figure 4: Top 10 Institutions for Reciprocity Enrollments under the MN-WI Agreement, Fall 2019



*Institutions located less than 50 miles from Minnesota-Wisconsin border.

■ WI Residents ■ MN Residents

²⁰ Minnesota’s tuition rates are typically higher than Wisconsin, except the University of Wisconsin Colleges (two-year colleges).

²¹ Both sides benefit when compared to the traditional non-resident rate. In practice, however, even if reciprocity ended, students would likely only pay a portion of the non-resident rate if they chose to utilize the Midwest Higher Education Compact’s Student Exchange Program, which charges 150% of the resident rate (<http://msep.mhec.org/>).

Figure 4 shows the top 10 Minnesota and Wisconsin institutions students chose to enroll in under the agreement in fall 2019. The top ten institutions in Wisconsin and Minnesota comprise 99 and 98 percent of all reciprocity enrollment under the agreement, respectively.²² Almost half of all Wisconsin students enrolled at the University of Minnesota – Twin Cities (3,881 students or 48%). Correspondingly, the highest number of Minnesota students enroll at the University of Wisconsin – Madison (2,875 students or 22%) – both research universities. Despite the price disincentive, Wisconsin students continue to enroll in significant numbers at the University of Minnesota – indicating they see attending the Twin Cities campus as a reasonable value despite incurring higher tuition costs. The data suggest, however, that the same enrollment behavior may not be true at all regional universities.

Enrollment of Minnesota students at Wisconsin’s regional public four-year universities also remains strong - 8,752 Minnesota students (67%) enrolled in four regional universities (River Falls, Eau Claire, Stout, and LaCrosse), all of which are located within 50 miles of Minnesota’s border – indicating proximity may play a key role in students’ decisions. Conversely, the next four largest Minnesota institutions in terms of Wisconsin reciprocity participation (Winona State, University of Minnesota-Duluth, MSU-Mankato, and St. Cloud State University) only enrolled 3,682 (45%) students - representing less than half of Minnesota’s participation at regional universities. While the price disincentive likely impacts Wisconsin students’ enrollment decisions at Minnesota regional universities, its magnitude is unclear. The differences in enrollment at the regional universities account for a significant proportion of the overall difference in the student flow between the two states.

In terms of the interstate payment, all else being equal, if the participation gap continues to grow, Wisconsin’s obligation to Minnesota should increase. If the gap narrows, Wisconsin’s obligation would decrease. The tuition paid by both Minnesota and Wisconsin students exceed the program costs. As a result, the state with the larger overpayment, typically Minnesota, receives an interstate payment from the other state equal to the net overpayment amount. Specifically, as fewer Wisconsin students participate, Wisconsin’s total overpayment amount should decrease, resulting in a larger interstate payment from Wisconsin (assuming participation of Minnesota students remains static). The *Interstate Payment* section provides a detailed explanation of the program cost formula and the resulting interstate payment.

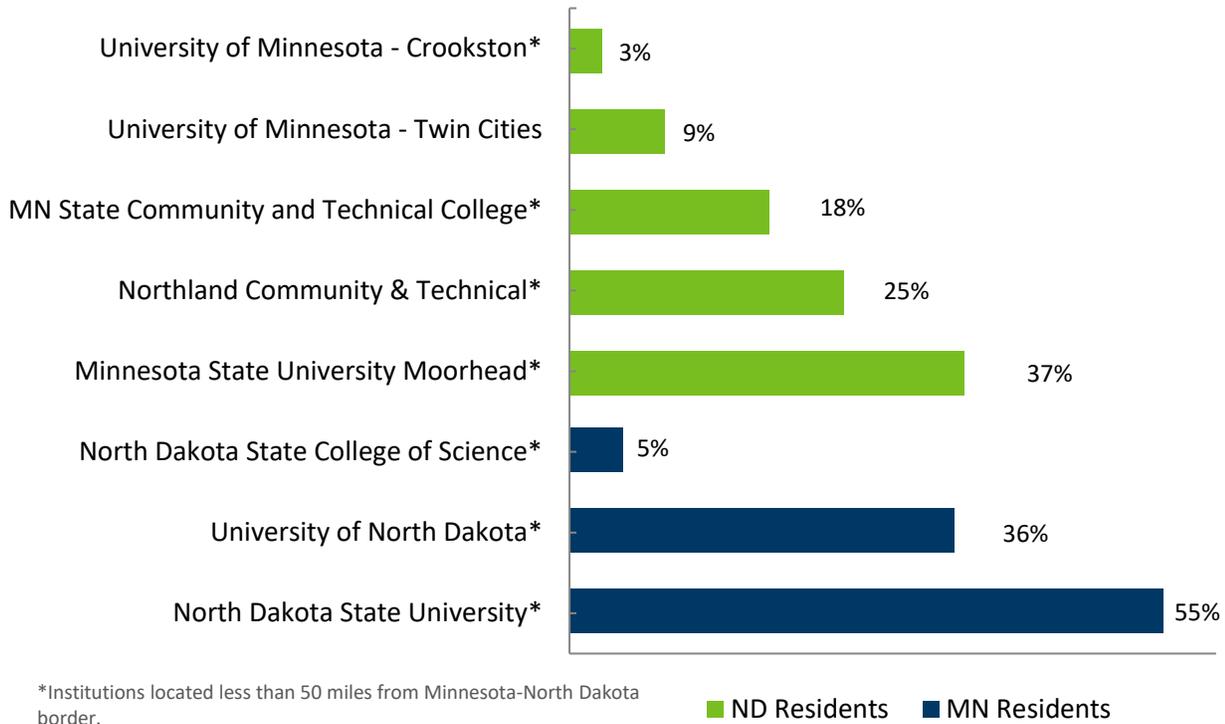
Minnesota – North Dakota Agreement

In fall 2019, 9,825 Minnesota students chose to attend a reciprocity institution in North Dakota (Figure 1). Comparatively, 3,289 North Dakota students chose to enroll in Minnesota. The difference in student participation levels between the states largely results from the significant size difference in the states’ populations (see Figure 13 in Appendix A). Minnesota residents attending North Dakota institutions pay the resident tuition rate at the institution attended plus a surcharge - 12 percent for undergraduates and 27 percent for graduate students. While North Dakota residents attending Minnesota institutions pay the higher of the two states’ resident tuition rates at comparable institutions. Meaning, North Dakota residents typically pay the Minnesota tuition rate, which may disincentivize them from choosing a Minnesota institution. Since 2010, the

²² For a detailed breakout of enrollment by institution, see Table 8 in Appendix B.

number of North Dakota students enrolled at a participating Minnesota reciprocity institution has steadily declined (see Figure 3).

Figure 5: Top Institutions for Reciprocity Enrollments under the MN-ND Agreement, Fall 2019

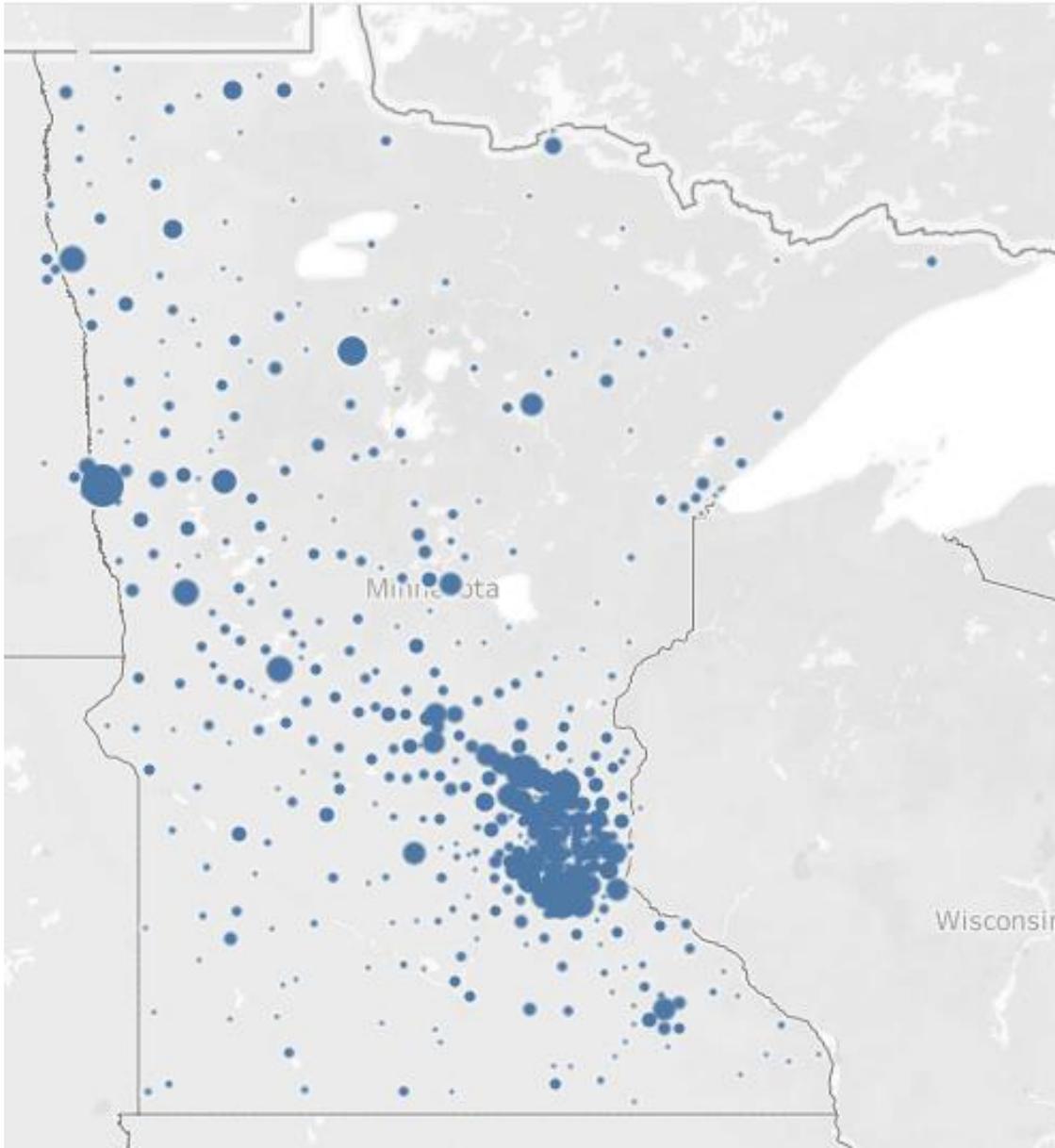


North Dakota students primarily attend Minnesota institutions located close to the North Dakota boarder (83%, figure 5). Over 50 percent enrolled at two Minnesota community and technical colleges located within 50 miles of the state line – highlighting their regional role. Minnesota students overwhelmingly enrolled at two institutions (91%) – the University of North Dakota (UND) and North Dakota State University (NDSU), also both located within 50 miles of the state line. Several factors likely contribute to Minnesota residents’ decision to enroll at UND and NDSU including location, institutional prestige, and perceived value.

Understanding where Minnesota students enrolling at UND and NDSU live in Minnesota may provide insights into students’ enrollment decisions. For example, if the majority of Minnesota students enrolling at UND and NDSU live close to the campuses then location likely plays a significant factor in their decision. Figure 6 shows concentrations of current Zip Codes for all first-time Minnesota reciprocity participants that enrolled at UND and NDSU in fall 2019. The map shows that a majority of students live in the Twin Cities metro area and surrounding suburbs. Additionally, as one would expect, students are heavily concentrated around major interstates (e.g. the I-94 corridor) and highways (e.g., U.S. Hwy 10 & U.S. Hwy 2). It also appears that several Minnesota participants live very close to the campuses; however, because students report their current zip code, some participants may have reported their on-campus address rather than their permanent resident address, which overstates the size of this population. Because the majority of new Minnesota residents attending UND and NDSU in the fall of 2019

came from the Twin Cities metro area and surrounding suburbs, it seems reasonable to assume that factors other than location (including price) likely drive these students' decision to enroll at UND and NDSU.²³

Figure 6: Residence Zip Code of First-Time Minnesota Reciprocity Students Enrolled at UND and NDSU, Fall 2019



As previously mentioned, Minnesota's reciprocity agreement with North Dakota utilizes two different tuition policies for participating students. Minnesota residents attending North Dakota institutions pay the resident tuition rate at the institution attended plus a surcharge, while North Dakota residents attending Minnesota institutions pay the higher of the two states' resident tuition rates at comparable institutions. The reciprocity

²³ For a description of North Dakota's success in attracting out-of-state residents to North Dakota see: <http://online.wsj.com/article/SB10001424052702304231204576406042109860376.html>.

agreement with North Dakota is Minnesota's only agreement that utilizes two different tuition policies for participating students. This divergent tuition-setting approach resulted from changes to the agreement in 2013 that reduced Minnesota's interstate payment obligation. Prior to 2013, both Minnesota and North Dakota students essentially paid the higher of the two state rates at a comparable institution. Under the prior agreement, Minnesota State Universities were identified as the comparable institutions to UND and NDSU, rather than the University of Minnesota – Twin Cities.²⁴

Minnesota's annual interstate payment to North Dakota is largely determined by the difference in student flow between the states and the amount of tuition Minnesota students paid. Because more Minnesota residents enrolled in North Dakota institutions than the reverse, and the tuition paid by Minnesota participants does not cover the marginal instructional costs, Minnesota issues an interstate payment to North Dakota.

In 2017, OHE renegotiated Minnesota's agreement with North Dakota to accomplish two broad goals:

1. **To limit Minnesota's annual financial obligation** – the revised agreement limits Minnesota's interstate payment obligation to the lesser of the program costs for each fiscal year or the annual amount appropriated by the state legislature for the current biennium – resulting in a lower interstate payment beginning with the 2018 fiscal year.²⁵ In exchange, North Dakota can increase the surcharge charged to Minnesota residents without Minnesota's approval if Minnesota lowers its annual appropriation amount.
2. **Ensure state parity** – The modified agreement also allows either North Dakota or Minnesota to increase the surcharge with the mutual agreement of the other state (except in the circumstances described above). Previously, only North Dakota could initiate an increase in the surcharge (with Minnesota's approval). Under the previous agreement, Minnesota could not initiate a surcharge increase. A termination clause was also added that allows either North Dakota or Minnesota to cancel the agreement. To be clear, neither state expressed a desire or is seeking to terminate the agreement.

The *Interstate Payment* section provides a detailed explanation of the program cost formula and the resulting interstate payment.

²⁴ The agreement only utilizes tuition, and does not include fees.

²⁵ Assuming Minnesota would have increased its appropriation to cover the required obligation in future biennium.

Interstate Payments

Marginal Instructional Cost

In order to understand the costs associated with participating in reciprocity agreements for students and states, it is essential to understand the concept of a “marginal instructional cost.” 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.²⁶ In Minnesota’s reciprocity agreements, the marginal instructional cost is set at 64 percent of the per-student instructional costs.²⁷

Interstate Payments

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 long-standing interstate payment agreements with Wisconsin, North Dakota, and South Dakota. Minnesota and South Dakota, however, have historically agreed to waive the interstate payment in the annual memorandum of understanding due to the small student flow between the states.

A cost-based formula that accounts for the total reciprocity tuition paid by students and the number of enrolled reciprocity students determines a state’s interstate payment. 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.

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

²⁶ The validity 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 some states and/or institutions are simply swapping enrollments. 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).

²⁷ It is OHE’s current understanding that the 64 percent marginal instructional cost rate estimate was originally based on historical research. OHE, however, has been unable to identify the original source document.

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.

Tuition Rate Setting Approaches

The tuition students pay under the reciprocity agreements, along with the student flow between the states, determine the interstate payment amounts under Minnesota's agreements with North Dakota and Wisconsin. Tuition rates used in Minnesota's tuition reciprocity agreements reflect agreement among the participating states and their public postsecondary education systems. Since the inception of tuition reciprocity in the 1960s, Minnesota's reciprocity agreements have utilized a variety of the tuition rate setting approaches, including:

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 a comparable institution.** 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.

Generally, tuition setting approaches change as a result of a state's desire to reduce its interstate payment, institutions' desire to capture more revenue (or sustain existing revenue streams), or state policy concerns - such as out-of-state students paying less tuition to attend an in-state institution than resident students. Changing the tuition setting approach utilized under an agreement to achieve a policy goal may result in other intended or unintended consequences. Historically, for example, decreasing the interstate payment meant increasing the amount students and their families pay in tuition. Understanding how a proposed change aligns with the program's purpose of promoting "the mutual improvement of educational advantages for residents" remains a core consideration. Additionally, while some of the approaches may be more beneficial to Minnesota students and their families than others, all of them benefit Minnesota students more than the traditional postsecondary marketplace where students pay conventional non-resident tuition rates. Below some of the advantages and disadvantages of the three tuition rate setting approaches are briefly described.

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

This approach functions most like a competitive market - students pay the resident rate set by the institution they attend. It also has the advantage of being easily understood by students and their families, and rewards informed consumers from higher-priced states. Under this approach, educated and savvy consumers (students and their families) benefit from attending an institution of equivalent quality (whether perceived or actual) at a lower price in a reciprocity state than a comparable institution in their home state. Minnesota residents could benefit under this approach when attending an out-of-state institution. This approach, however, may create a price incentive for students from states with higher resident tuition rates (Minnesota) to leave their state of residence, resulting in a decline in institutional tuition revenue for in-state institutions.

Minnesota's agreements with Manitoba and Iowa Lakes Community College utilize the resident tuition rate at the institution attended. Additionally, Minnesota residents attending North Dakota University System institutions 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. As previously stated, the surcharge was implemented in fall 2013 to reduce Minnesota's general fund obligation to North Dakota. The modification to the North Dakota agreement created a policy misalignment that still exists today - the tuition setting approach differs based on the students' state of residence.

Utilizing a Surcharge

Historically, states implemented or increased a surcharge to reduce the state's interstate payment obligation (subsidy). While implementing or increasing a surcharge reduces the states' obligation, it shifts more of the marginal instructional costs onto students and their families – increasing their direct costs of pursuing a postsecondary education. As the price of attending an out-of-state institution approaches more costly in-state options as a result of a surcharge, fewer students may choose to enroll – limiting student choice and the number of lower-priced postsecondary alternatives available to students. The cost shift, as a result of the surcharge, may also increase student debt - an often cited concern of policymakers.

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

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 pay the higher Minnesota tuition rate charged at a comparable Minnesota institution. Under this approach, Minnesota students are neither incentivized nor disincentivized from enrolling in a participating out-of-state institution because they pay the same tuition rate they would have paid to attend a comparable Minnesota institution. This approach, however, does increase the costs Minnesota reciprocity students pay to enroll in a participating out-of-state institution compared to option #1. Conversely, reciprocity students attending Minnesota public postsecondary education institutions pay the higher Minnesota tuition rate at the institution attended, creating a disincentive for them to enroll in Minnesota institution.²⁸

This approach advantages institutions in the state with higher resident tuition rates as they are more likely to retain more in-state students. Additionally, assuming no changes to enrollment behavior as a result of the increased costs to students from higher priced states, out-of-state institutions would collect additional tuition revenue.²⁹ This approach disadvantages students and their families compared to option #1, but still provides them with a discount compared to the traditional non-resident rates. The higher of the two-state resident tuition rates at comparable institutions is current practice for all students under Minnesota's reciprocity agreements with South Dakota and Wisconsin, and for North Dakota residents attending Minnesota institutions.

²⁸ If the gap between the two states' resident tuition rates begins to narrow, the impact of the disincentive would diminish.

²⁹ As the gap between the two states' resident tuition rates increases, there will likely be greater fall off in reciprocity enrollment, which may offset any revenue gains acquired from the higher tuition price.

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

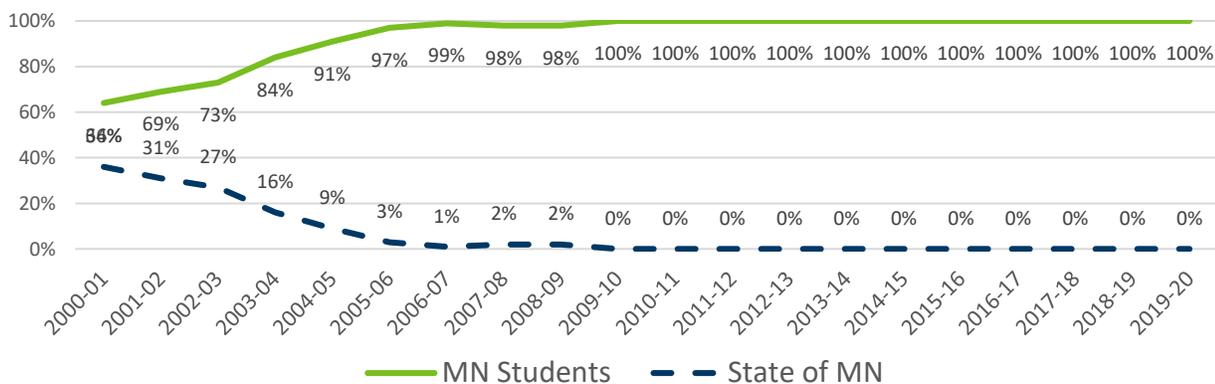
Under this approach, Minnesota students attending an out-of-state reciprocity institution pay a tuition rate equal to the resident rate they would have paid at a comparable Minnesota institution. Again, Minnesota’s tuition rates are typically higher than the resident rates in participating reciprocity states, meaning this approach increases the cost of postsecondary education for Minnesota students and their families participating in reciprocity compared to option #1. Additionally, under this tuition setting model, institutions in the state with higher resident tuition rates (in this case Minnesota) would also collect less tuition revenue from a reciprocity student than from a resident student. For example, 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. Minnesota-Wisconsin tuition reciprocity agreement used this approach prior to 2007. The agreement was modified to address three concerns: 1. The University of Minnesota wanting to capture a larger share of revenue, 2. Wisconsin students paying less tuition to attend the University of Minnesota than Minnesota residents, and 3. Wisconsin’s desire to reduce its interstate payment to Minnesota.

In summary, Minnesota’s current reciprocity agreements vary in their tuition setting approaches, and have changed approaches over the last 40 years to achieve state and institutional priorities, such as lowering the interstate payment and allowing institutions to capture (or maintain) revenue. Furthermore, in addition to varying across the agreements, Minnesota’s agreement with North Dakota utilizes two different tuition policies for participating students depending on their state of residence.

Marginal Instructional Cost Split

Today, students, through the tuition they paid, cover the majority of the marginal instructional costs. Figures 7 and 8 show the marginal instructional cost split between students and the state under both the Wisconsin and North Dakota agreements. For the 2019-2020 academic year, the tuition paid by Minnesota residents attending Wisconsin institutions exceeded the marginal instructional cost, up from 64 percent in 2000-2001 (Figure 7).³⁰

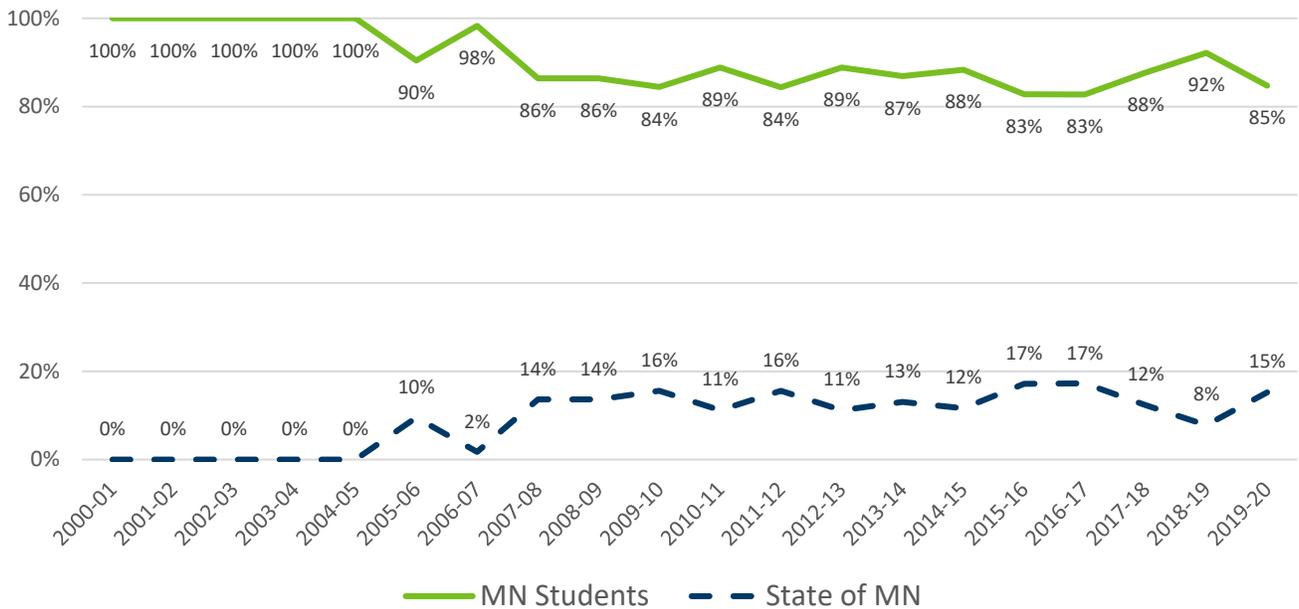
Figure 7: Allocation of Marginal Instructional Costs (Agreement with Wisconsin), 2000-2001 to 2019-2020



³⁰ The trends are the same for Wisconsin students and the State of Wisconsin’s share of the marginal instructional cost.

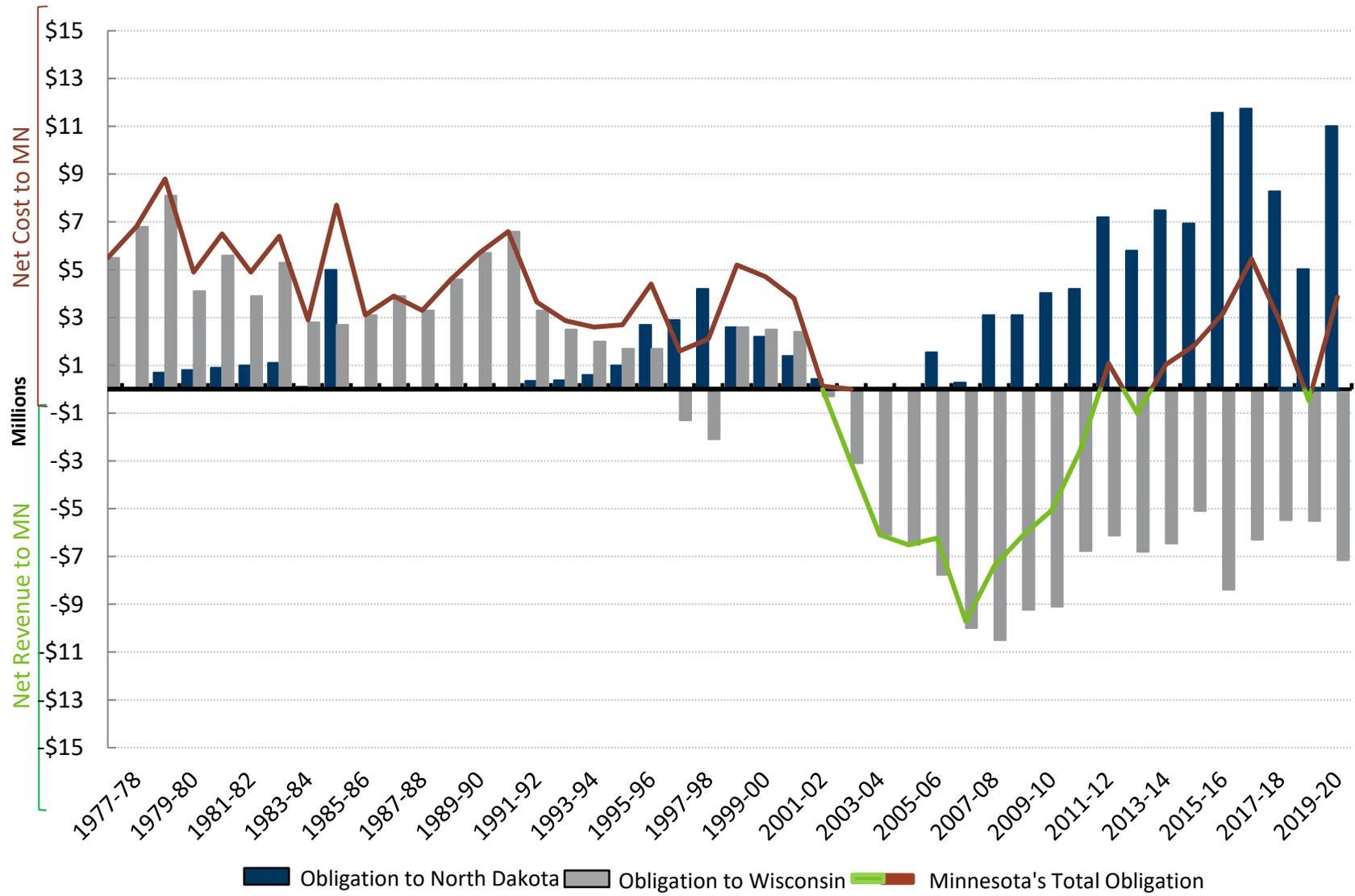
Minnesota residents' tuition in North Dakota covered 85 percent of the marginal instructional cost (down from 100 percent in 2001-02 through 2004-05). Minnesota, through the interstate payment, is responsible for the remaining 15 percent (Figure 8).

Figure 8: Allocation of Marginal Instructional Costs (Agreement with North Dakota), 2000-2001 to 2019-2020



Historically, both of Minnesota's reciprocity agreements with North Dakota and Wisconsin resulted in a general fund obligation for Minnesota (see Figure 9 on p. 17). Changes to the agreement with Wisconsin combined with tuition increases that eventually exceeded the marginal instructional cost resulted in Wisconsin issuing payments to Minnesota beginning with the 2002-2003 academic year. Initially, the payments from Wisconsin more than offset Minnesota's general fund cost associated with the North Dakota agreement. Then, growth in Minnesota's obligation to North Dakota resulted in an overall net program cost for Minnesota. While Minnesota's obligation to North Dakota declined in the 2017-2018 and 2018-2019 years, a change in North Dakota's tuition formula caused an increase in Minnesota's obligation for 2019-2020. Specifically, North Dakota combined tuition and fees into a single tuition number, which is then used to calculate the marginal instructional costs. For 2019-2020, Minnesota's obligation to North Dakota of \$11.02 million was offset by Wisconsin's obligation to Minnesota of \$7.16 million, resulting in a net cost of Minnesota's tuition reciprocity program of \$3.86 million.

Figure 9: Minnesota's General Fund Obligation, 1975-1976 to 2019-2020



Source: Minnesota Office of Higher Education

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 net amount of student tuition paid in excess of marginal instructional costs (Table 4). Specifically, the state that made the larger overpayment above the marginal instructional cost receives a payment for the net difference between the two states’ overpayment. For the 2019-2020 academic year, Wisconsin’s payment to Minnesota is \$7.1 million.

Table 3: Minnesota-Wisconsin Interstate Payment Calculation: 2019-2020 Academic Year (\$ millions)

Payment Variable	WI Obligation to MN	MN Obligation to WI
Marginal Instructional Costs	\$88.99	\$102.86
Student Paid Tuition	\$91.30	\$112.33
Remainder	(\$2.31)	(\$9.47)
Difference = \$7.16 million WI payment to MN General Fund		

Note: Differences due to rounding; 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 full-time equivalent (FTE) Students” (Table 4). Currently, more Minnesota residents enroll in North Dakota public institutions than the reverse, and their tuition fails to cover the marginal instructional costs. As a result, Minnesota issues North Dakota an interstate payment.

For the 2019-2020 academic year, 6,545 more Minnesota FTE students enrolled in North Dakota than the reverse, resulting in a net state obligation for Minnesota of \$11,364,200.³¹ However, beginning with 2017-2018, Minnesota’s interstate payment is capped at \$11,018,000 as a result of the 2017 renegotiated agreement. The agreement caps Minnesota’s interstate payment at the lesser of: 1. the actual remaining marginal instructional cost balance (\$11,364,200 for 2019-2020), or 2. the annual amount appropriated by the Minnesota legislature (\$11,018,000 for 2019-2020). North Dakota agreed to forgo any balance that exceeds the annual appropriation amount in exchange for the ability to increase the surcharge Minnesota students pay without approval from Minnesota if the legislature reduces the annual appropriation amount.

³¹ The North Dakota agreement uses the resident tuition rate at NDSU/UND.

Table 4: Minnesota-North Dakota Interstate Payment Formula: 2019-2020 Academic Year

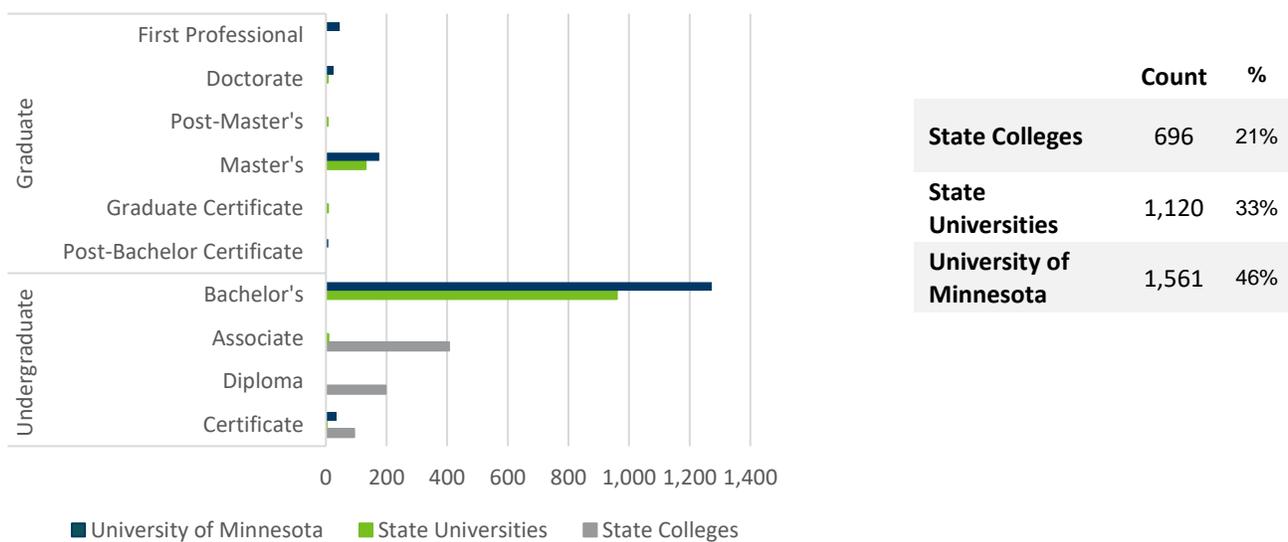
	Operational Expenditure per FTE	\$17,798
x	Marginal Expenditure Rate	0.64
=	Marginal Expenditure per FTE	\$11,391
-	Resident Tuition Rate (NDSU/UND)	(\$8,244)
=	Remaining Marginal Expenditures per FTE	\$3,147
x	GAP FTE Students	6,545
=	Gross State Obligation	\$20,594,229
-	Student Payment	\$9,230,030
=	<i>Net State Obligation</i>	<i>\$11,364,200</i>
	<i>MN Annual Appropriation (MN obligation capped at this amount)</i>	<i>\$11,018,000</i>

Outcomes

The significant participation by Minnesota residents, and residents of participating states, indicates that Minnesota’s reciprocity agreements successfully expanded affordable postsecondary options for students and their families. This section explores the postsecondary outcomes of reciprocity students, because both students and the participating states want to ensure that participating students earn a credential of economic value. Specifically, it explores the credentials earned by out-of-state reciprocity students that enrolled at Minnesota institutions, including: the number of credentials awarded by sector, type, and trends over time.³² Additionally, the section closes by examining whether or not Minnesota residents, and out-of-state residents enrolling in Minnesota, find jobs and participate in Minnesota’s workforce following graduation.

During the 2019-2020 academic year, out-of-state residents enrolled in Minnesota institutions through reciprocity earned 3,377 postsecondary credentials as shown in Figure 10. Undergraduate degrees represented 88 percent of all the degrees awarded, with out-of-state students primarily pursuing bachelor’s degrees (66%). Graduate degrees composed the remaining 12 percent of credentials awarded. Of the 3,377 credentials conferred, Minnesota State accounted for 54 percent (State Colleges – 21%, State Universities – 33%), while the University of Minnesota conferred 46 percent.

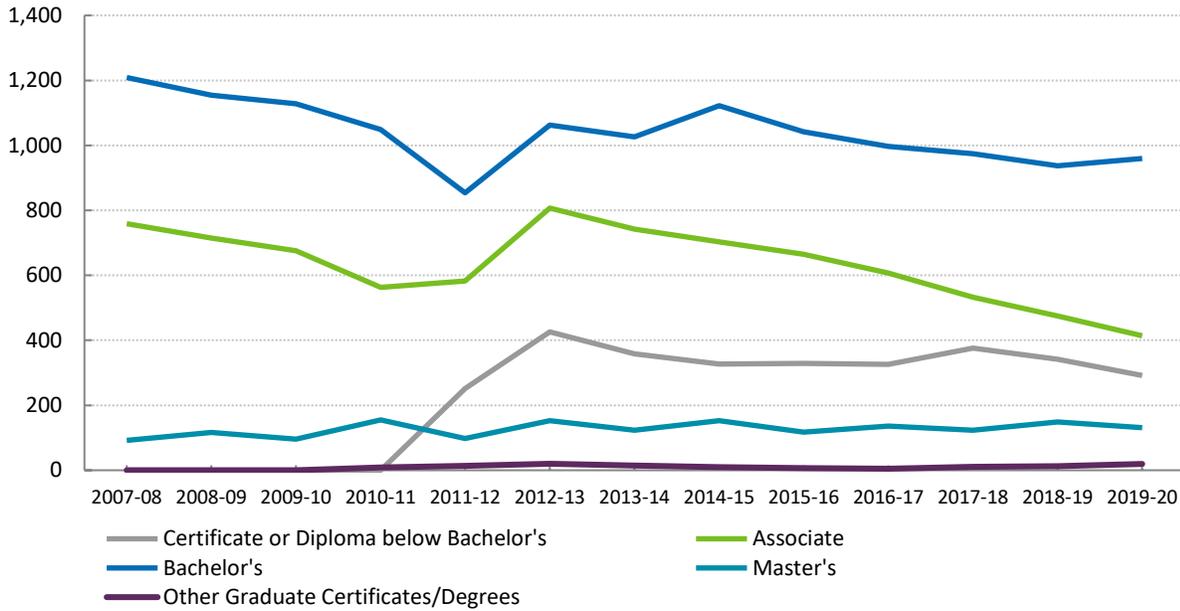
Figure 10: Credentials Awarded by Type and Sector, 2019-20 Academic Year



Figures 10 and 11 show that the number of reciprocity graduates slightly decreased in 2019-2020 at both the University of Minnesota and at Minnesota State institutions corresponding to declines in reciprocity participation (Figure 3). Enrollments typically increase during periods of economic distress (e.g., the great recession) and decline as the economy recovers and displaced workers begin re-entering the labor market.

³² Credential data by participating Minnesota institutions for 2019-20 are in Appendix D.

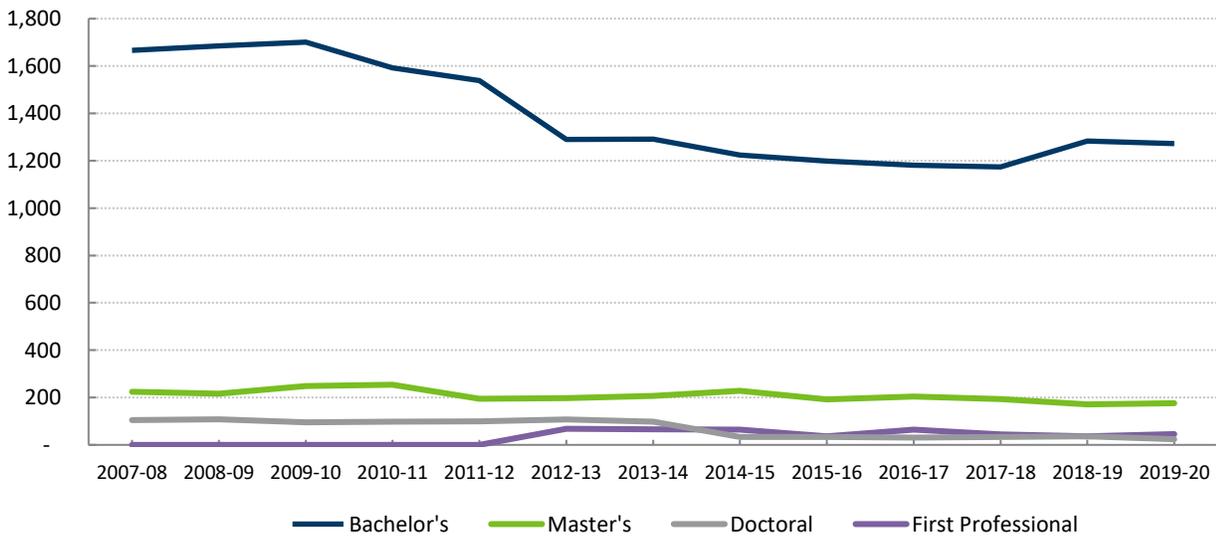
Figure 11: Minnesota State Colleges and Universities Reciprocity Graduates, 2007-08 to 2019-20



Source: Minnesota State Colleges and Universities

The number of bachelor’s degrees awarded to non-resident reciprocity participants at the University of Minnesota have declined from 1,666 in 2007-2008 to 1,273 in 2019-2020. Within Minnesota State, the bachelor’s degree and associate degree trend lines follow similar trajectories, with the number of bachelor’s degrees awarded declining from 1,209 in 2007-2008 to 960 in 2019-2020, and the number of associate’s degrees decreasing from 759 to 414 over the same period. Again, these trends likely primarily result from the overall participation declines of out-of-state residents in the reciprocity program.

Figure 12: University of Minnesota Reciprocity Graduates, 2007-08 to 2019-20



Source: University of Minnesota

A key question asked by policymakers is: Do Minnesota students participating in reciprocity return to Minnesota to work following graduation? Previous research shows that more than 60 percent of Minnesota reciprocity participants that graduated from a participating institution in Wisconsin, North Dakota, or South Dakota returned to Minnesota's workforce within three years of graduation.³³ Specifically, 66 percent of Minnesota students graduating from a Wisconsin institution had wages in Minnesota within three years of graduation. Likewise, 62 percent of Minnesota students graduating from a North Dakota institution reemerged in Minnesota's workforce during the same period. While 50 percent of the Minnesota students graduating from South Dakota institutions had wages in Minnesota within three years of graduating. Additionally, Minnesota retained almost 40 percent of reciprocity graduates that attended a participating Minnesota institution from Wisconsin, North Dakota, and South Dakota.

Comparatively, data from Minnesota's Statewide Longitudinal Education Data System (SLEDS) shows that 75 percent of graduates from Minnesota institutions, including Minnesota residents and non-residents that enrolled at both private and public institutions had wages in Minnesota two years following graduation.³⁴ Although the measures differ in terms of:

- the populations examined (Minnesota residents enrolled out-of-state vs. Minnesota residents and non-residents enrolled in Minnesota),
- institutions included (public vs. all),
- and timing (two years following graduation compared to three),

these comparisons indicate that Minnesota students participating in reciprocity return to Minnesota at reasonably high rates.

Additionally, a recent report from North Dakota showed that only 22 percent of out-of-state students that graduated from the North Dakota University System had wages in North Dakota three years following graduation.³⁵ The number staying in North Dakota declined each subsequent year following graduation. While the population examined in the report was broader than out-of-state reciprocity participants, Minnesota reciprocity students would have been included, providing an additional point of comparison.

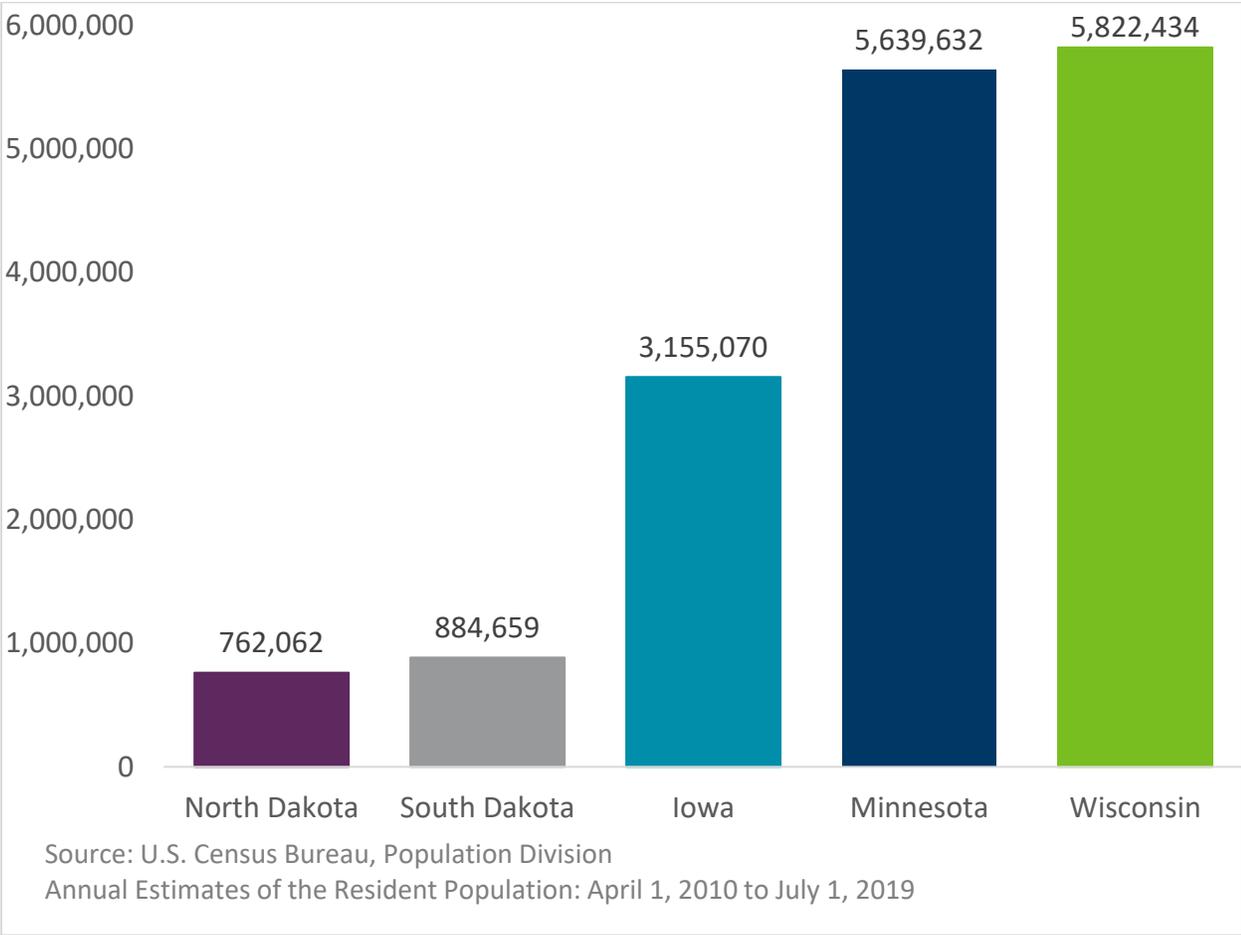
³³ Office of the Legislative Auditor (2003, September). *Evaluation Report: Higher Education Tuition Reciprocity*. St. Paul, MN, Retrieved from <https://www.auditor.leg.state.mn.us/ped/pedrep/0308all.pdf>

³⁴ Based on the 2013 graduation cohort, retrieved from http://www.sleds.mn.gov/#employment/orgId--999999000_groupType--state_employmentCOHORTID--2013_employmentAward--All+Awards_p--7

³⁵ North Dakota Statewide Longitudinal Data System (2017, January 5). NDUS Graduate Retainment and Waiver Report. Retrieved from <https://www.slds.nd.gov/sites/www/files/documents/pdfs/NDUS-Graduate-Retainment-and-Waiver-Report.pdf>

Appendix A: State Resident Populations

Figure 13: State Resident Population Estimates, 2019



Appendix B: Reciprocity Fall Headcounts

Table 5: Fall Reciprocity Student Headcounts, 2010-2019

	Minnesota & Wisconsin		Minnesota & North Dakota		Minnesota & South Dakota	
	MN Residents Attending in WI	WI Residents Attending in MN	MN Residents Attending in ND	ND Residents Attending in MN	MN Residents Attending in SD	SD Residents 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
2016	13,689	8,285	10,884	4,118	3,461	1,172
2017	13,504	8,296	10,917	4,024	3,439	1,181
2018	13,362	8,257	10,332	3,874	3,322	1,100
2019	13,094	8,118	9,825	3,289	3,448	1,029

Source: Minnesota Office of Higher Education

Table 6: Minnesota-Wisconsin Reciprocity Participation, Fall 2019
6A: Minnesota Residents Enrolled in Wisconsin Institutions

Institution	Undergraduate	Graduate	Total
U of WI-Madison	2,722	153	2,875
U of WI-Milwaukee	242	32	274
U of WI-Green Bay	45	2	47
UW College System	-	-	-
U of WI-Stout	1,929	52	1,981
U of WI-Eau Claire	2,760	31	2,791
U of WI-LaCrosse	1,266	97	1,363
U of WI-Oshkosh	33	-	33
U of WI-Platteville	114	-	114
U of WI-River Falls	2,537	80	2,617
U of WI-Stevens Point	229	12	241
U of WI-Superior	672	39	711
U of WI-Whitewater	39	1	40
U of WI-Parkside	7	-	7

Institution	Undergraduate	Graduate	Total
Total	12,595	499	13,094

Table 6B: Wisconsin Residents Enrolled in Minnesota Institutions under MN-WI Agreement, Fall 2019

Institution	Undergraduate	Graduate	Total
Anoka-Ramsey Community College	-	-	-
Bemidji State University	3	13	16
Central Lakes College	-	-	-
Century College	23	-	23
Fond du Lac Tribal & Cmty College	-	-	-
Hibbing Community College	3	-	3
Inver Hills Community College	-	-	-
Itasca Community College	4	-	4
Lake Superior College	135	-	135
Mesabi Range Cmty & Tech College	9	-	9
Metro State Univ	28	5	33
Minneapolis Cmty & Tech College	49	-	49
MN State Cmty & Tech College	18	-	18
MN State Univ Moorhead	80	19	99
MN State Univ, Mankato	717	24	741
MN West Cmty & Tech College	23	-	23
Normandale Community College	-	-	-
North Hennepin Community College	-	-	-
Northland Cmty & Tech College	4	-	4
Rainy River Community College	1	-	1
Ridgewater College	3	-	3
Riverland Community College	1	-	1
Rochester Cmty & Tech College	1	-	1
Southwest MN State Univ	16	1	17
St Cloud State Univ	377	28	405
Univ of MN-Crookston	75	-	75
University of MN-Duluth	56	859	915
University of MN-Morris	25	-	25
University of MN-TC	3,587	294	3,881
Vermilion Community College	16	-	16

Institution	Undergraduate	Graduate	Total
Winona State University	1,569	52	1,621
Total	6,823	1,295	8,118

Table 7: Minnesota-North Dakota Reciprocity Participation, Fall 2019
7A: Minnesota Residents Enrolled in North Dakota Institutions

Institution	Undergraduate	Graduate	Professional	Total
Bismarck State College	12	-	-	12
Dickinson State University	10	-	-	10
Mayville State University	102	1	-	103
Minot State University	56	-	-	56
NDSCS-Wahpeton	483	-	-	483
Dakota College at Bottineau	12	-	-	12
NDSU-Fargo	5,156	253	3	5,412
UND-Grand Forks	3,154	353	-	3,507
Lake Region State College	108	-	-	108
UND-Williston	-	-	-	-
Valley City State University	121	-	1	122
Total	9,214	607	4	9,825

Table 7B: North Dakota Residents Enrolled in Minnesota Institutions, Fall 2019

Institution	Undergraduate	Graduate	Professional	Total
Anoka-Ramsey Cmty College	-	-	-	-
Riverland Community College	-	-	-	-
Bemidji State University	20	1	-	21
Central Lakes College	-	-	-	-
Vermilion Community College	1	-	-	1
Hibbing Community College	-	-	-	-
Itasca Community College	5	-	-	5
MN State University, Mankato	37	1	-	38
Minneapolis Cmty & Tech College	1	-	-	1
MN State University Moorhead	1,029	175	-	1,204
North Hennepin Cmty College	-	-	-	-
Rochester Cmty & Tech College	-	-	-	-
Southwest MN State University	6	-	-	6

Institution	Undergraduate	Graduate	Professional	Total
St Cloud State University	54	11	-	65
Northland Cmty & Tech College	838	-	-	838
University of MN-Duluth	54	4	-	58
University of MN-Morris	18	-	-	18
MN State College-SE Technical	6	-	-	6
Winona State University	3	-	-	3
University of MN-Twin Cities	258	29	4	291
Mesabi Range Cmty & Tech College	2	-	-	2
University of MN-Crookston	100	-	-	100
Ridgewater College	5	-	-	5
MN West Cmty & Tech College	2	-	-	2
St Paul College	-	-	-	-
St Cloud Technical College	1	-	-	1
Pine Technical College	1	-	-	1
South Central Technical College	1	-	-	1
MN State Cmty & Tech College	608	-	-	608
Alexandria Technical College	4	-	-	4
Lake Superior College	4	-	-	4
NW Technical College-Bemidji	1	-	-	1
Rainy River Community College	-	-	-	-
Inver Hills Community College	-	-	-	-
Anoka Technical College	-	-	-	-
Normandale Community College	2	-	-	2
Metro State University	2	-	-	2
Dakota County Technical College	1	-	-	1
Hennepin Technical College	-	-	-	-
Century College	-	-	-	-
Fond du Lac Tribal & Cmty College	-	-	-	-
Total	3,064	221	4	3,289

Table 8: Minnesota-South Dakota Reciprocity Participation, Fall 2019
8A: Minnesota Residents Enrolled in South Dakota Institutions

Institution	Undergraduate	Graduate	Total
Black Hills State University	37	1	38
Dakota State University	217	16	233
Northern State University	130	5	135
SDSM&T	263	18	281
SDSU-Brookings	2,090	139	2,229
USD-Vermillion	420	112	532
Total	3,157	291	3,448

Table 8B: South Dakota Residents Enrolled in Minnesota Institutions, Fall 2019

Institution	Undergraduate	Graduate	Total
Anoka-Ramsey Cmty College	-	-	-
Riverland Community College	2	-	2
Bemidji State University	8	-	8
Central Lakes College	-	-	-
Vermilion Community College	-	-	-
Hibbing Community College	-	-	-
Itasca Community College	1	-	1
MN State University, Mankato	240	1	241
Minneapolis Cmty & Tech College	7	-	7
MN State University Moorhead	102	13	115
North Hennipen Cmty College	-	-	-
Rochester Cmty & Tech College	-	-	-
Southwest MN State University	84	21	105
St Cloud State University	38	10	48
Northland Cmty & Tech College	1	-	1
University of MN-Duluth	31	5	36
University of MN-Morris	21	-	21
Winona State University	21	-	21
University of MN-Twin Cities	337	53	390
Mesabi Range Cmty & Tech College	-	-	-
University of MN-Crookston	20	-	20
Ridgewater College	1	-	1
MN West Cmty & Tech College	-	-	-
St Paul College	1	-	1
South Central College	5	-	5
MN State Cmty & Tech College	1	-	1
Lake Superior College	-	-	-
Rainy River Community College	-	-	-
Inver Hills Community College	-	-	-
Normandale Community College	-	-	-
Metro State University	5	-	
Century College	-	-	
Fond du Lac Tribal & Cmty College	-	-	-
Total	926	103	1,029

Appendix C: Interstate Payments

Table 9: Preliminary Wisconsin Interstate Payment, 2019-2020 Academic Year
Table 9A: Minnesota's Obligation to Wisconsin

Institutions	Number of Credits	Marginal Instructional Cost	Student Paid Tuition	Net State Obligation
U.W. Madison - Undergraduate	77,711	\$34,823,076	\$36,636,879	-\$1,813,803
U.W. Milwaukee Undergraduate	6,644	\$1,550,245	\$2,821,203	-\$1,270,958
U.W. Madison - Graduate	4,443	\$5,463,646	\$3,667,239	\$1,796,406
U.W. Milwaukee Graduate	679	\$446,409	\$467,716	-\$21,307
U.W. College System	-	\$0	\$0	\$0
U.W. Comprehensive 4-year - Undergraduate	261,230	\$57,768,292	\$65,453,248	-\$7,684,956
U.W. Comprehensive 4-year - Graduate	7,378	\$2,808,657	\$3,280,529	-\$471,872
Total	358,085	\$102,860,324	\$112,326,814	-\$9,466,490

Table 9B: Wisconsin's Obligation to Minnesota

Institutions	Number of Credits	Marginal Instructional Cost	Student Paid Tuition	Net State Obligation
U of M Twin Cities & Morris	108,050	\$48,418,061	\$46,689,637	\$1,728,424
U of M Duluth - Undergrad	25,928	\$6,049,780	\$10,213,296	-\$4,163,516
U of M Twin Cities Graduate	10,544	\$12,966,660	\$9,745,410	\$3,221,250
U of M Duluth - Graduate	1,555	\$1,022,598	\$1,253,091	-\$230,494
Minnesota State Colleges	6,478	\$1,350,145	\$1,134,357	\$215,788
Minnesota State Universities & U of M Crookston - Undergrad	82,681	\$18,284,076	\$21,223,990	-\$2,939,914
Minnesota State Universities - Graduate	2,353	\$895,740	\$1,036,249	-\$140,509
Total	237,589	\$88,987,060	\$91,296,030	-\$2,308,970

Difference in Net State Totals = Wisconsin payment to Minnesota General Fund **\$7,157,520**

Source: Minnesota Office of Higher Education

Table 10: Minnesota's General Fund Obligation, 1989-90 to 2019-2020 (dollars in millions)

Year	Obligation to North Dakota	Obligation to Wisconsin	Minnesota's Total Obligation
1975-76	\$0	\$4.20	\$4.20
1976-77	\$0	\$5.50	\$5.50
1977-78	\$0	\$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	\$0	\$3.10	\$3.10
1986-87	\$0	\$3.90	\$3.90
1987-88	\$0	\$3.30	\$3.30
1988-89	\$0	\$4.60	\$4.60
1989-90	\$0	\$5.70	\$5.70
1990-91	\$0	\$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	\$0	\$(3.10)	\$(3.10)

Year	Obligation to North Dakota	Obligation to Wisconsin	Minnesota's Total Obligation
2003-04	\$0	\$(6.10)	\$(6.10)
2004-05	\$0	\$(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	\$11.57	\$(8.40)	\$3.17
2016-17	\$11.74	\$(6.30)	\$5.44
2017-18	\$8.28	\$(5.48)	\$2.80
2018-19	\$5.03	\$(5.51)	\$(0.48)
2019-20	\$11.02	\$(7.16)	\$3.86

Note: The Office of Higher Education renegotiated its agreement with ND in 2017. In terms of the interstate payment, the revised agreement limits Minnesota's interstate payment obligation to the lesser of the marginal expenditure calculation for each fiscal year or the annual amount appropriated by the state legislature for the current biennium. If Minnesota lowers its annual appropriation amount, North Dakota can increase the surcharge charged to Minnesota residents without Minnesota's approval.

Appendix D: Graduates by Institution

Table 11: University of Minnesota Reciprocity Graduates, 2019-2020

	Certificate Pre-Bachelor's	Bachelor's	Certificate Post-Bachelor's	Master's	Doctoral	First Professional	Total
Crookston		57					57
Duluth	6	199		19			224
Morris		23					23
Rochester		6					6
Twin Cities	28	988	8	157	24	46	1251
Total	34	1273	8	176	24	46	1561

Source: University of Minnesota

Table 12: Minnesota State Reciprocity Graduates, Final Fiscal Year 2019

12A: Minnesota State Colleges Graduates by Degree Type, Final Fiscal Year 2019

Minnesota State Colleges	Certificate	Diploma	Associate	Bachelor's	Graduate Certificate	Master's	Post-Master's	Doctorate's	Total
Alexandria Technical and Community College	2	1							3
Anoka Colleges									
<i>Anoka-Ramsey Community College</i>									
<i>Anoka Technical College</i>									
Central Lakes College									
Century College	2	2	7						11
Dakota County Technical College	1		1						2
Fond du Lac Tribal and Community College									
Hennepin Technical College			1						1
Inver Hills Community College									
Lake Superior College	13	12	46						71
Minneapolis Community and Technical College	2		10						12
Minnesota State College - Southeast Technical	25	21	27						73
Minnesota State Community and Technical College	8	64	153						225
Minnesota West Community and Technical College	9	9	8						26
Normandale Community College			2						2
North Hennepin Community College									
Northeast Higher Education District									
<i>Hibbing Community College</i>		3	3						6
<i>Itasca Community College</i>	2		4						6

Minnesota State Colleges	Certificate	Diploma	Associate	Bachelor's	Graduate Certificate	Master's	Post-Master's	Doctorate's	Total
<i>Mesabi Range Community and Technical College</i>	2								2
<i>Rainy River Community College</i>			1						1
<i>Vermilion Community College</i>	3		10						13
Northland Community and Technical College	37	104	175						316
Northwest Technical College - Bemidji									
Pine Technical College	1	8	6						15
Ridgewater College	1	4	11						16
Riverland Community College	1		1						2
Rochester Community and Technical College		1							1
St. Cloud Technical and Community College		1	2						3
Saint Paul College	1								1
South Central College									
Subtotal	110	230	468						808

Table 12B: Minnesota State Universities Graduates by Degree Type, Final Fiscal Year 2019

Minnesota Universities	Certificate	Diploma	Associate	Bachelor's	Graduate Certificate	Master's	Post-Master's	Doctorate's	Total
Bemidji State University				24		1			25
Metropolitan State University				10				1	11
Minnesota State University, Mankato			1	179	1	16			197
Minnesota State University Moorhead	1		2	292		70	4		369
St. Cloud State University	2		3	88		12			105
Southwest Minnesota State University				17		40	2		59
Winona State University			4	327	3	10		2	346
Subtotal Universities	3		10	937	4	149	6	3	1,112

12C: Minnesota State Total of Graduates by Degree Type, Final Fiscal Year 2019

Minnesota State Colleges	Certificate	Diploma	Associate	Bachelor's	Graduate Certificate	Master's	Post-Master's	Doctorate's	Total
Subtotal Colleges	110	230	468						808
Subtotal Universities	3		10	937	4	149	6	3	1,112
System Total	113	230	478	937	4	149	6	3	1,920

Source: Minnesota State Colleges and Universities

Table 13: Minnesota State Reciprocity Graduates, Preliminary Fiscal Year 2020
13A: Minnesota State Colleges Graduates by Degree Type

Minnesota State Colleges	Certificate	Diploma	Associate	Bachelor's	Graduate Certificate	Master's	Post-Master's	Doctorate's	Total
Alexandria Technical and Community College	2	1	7						10
Anoka Colleges									
<i>Anoka-Ramsey Community College</i>									
<i>Anoka Technical College</i>									
Central Lakes College									
Century College			5						5
Dakota County Technical College		1	1						2
Fond du Lac Tribal and Community College									
Hennepin Technical College									
Inver Hills Community College									
Lake Superior College	1	4	34						39
Minneapolis Community and Technical College	2		6						8
Minnesota State College - Southeast Technical	18	26	17						61
Minnesota State Community and Technical College	12	56	137						205
Minnesota West Community and Technical College	6	6	18						30
Normandale Community College			1						1
North Hennepin Community College									
Northeast Higher Education District									
<i>Hibbing Community College</i>			4						4
<i>Itasca Community College</i>			6						6
<i>Mesabi Range Community and Technical College</i>	3		1						4

Minnesota State Colleges	Certificate	Diploma	Associate	Bachelor's	Graduate Certificate	Master's	Post-Master's	Doctorate's	Total
<i>Rainy River Community College</i>									
<i>Vermilion Community College</i>	3		12						15
Northland Community and Technical College	42	92	131						265
Northwest Technical College - Bemidji									
Pine Technical College	1	9	5						15
Ridgewater College	1	1	10						12
Riverland Community College			1						1
Rochester Community and Technical College	1								1
St. Cloud Technical and Community College			5						5
Saint Paul College	1	1	3						5
South Central College			2						2
Subtotal	93	197	406						696

13B: Minnesota State Universities Graduates by Degree Type, Preliminary Fiscal Year 2020

Minnesota Universities	Certificate	Diploma	Associate	Bachelor's	Graduate Certificate	Master's	Post-Master's	Doctorate's	Total
Bemidji State University				13		1			14
Metropolitan State University				10		1			11
Minnesota State University, Mankato			2	183		15	1		201
Minnesota State University Moorhead	1		2	282	3	77	5	4	374
St. Cloud State University	1		1	96		18			116
Southwest Minnesota State University				27	2	8			37
Winona State University			3	349	2	11		2	367
Subtotal	2		8	960	7	131	6	6	1,120

13C: Minnesota State Total of Graduates by Degree Type, Preliminary Fiscal Year 2020

Minnesota State Colleges	Certificate	Diploma	Associate	Bachelor's	Graduate Certificate	Master's	Post-Master's	Doctorate's	Total
Subtotal Colleges	93	197	406						696
Subtotal Universities	2		8	960	7	131	6	6	1,120
System Total	95	197	414	960	7	131	6	6	1,816

Source: Minnesota State Colleges and Universities



2021