

March 23, 2012



Tuition Reciprocity Data Overview



Authors

Jack Rayburn

Manager, Minnesota College Savings Plan
Tel: 651-259-3967
jack.rayburn@state.mn.us

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 \$150 million 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 an early college awareness program and initiatives for youth.

Minnesota Office of Higher Education

1450 Energy Park Drive, Suite 350
Saint Paul, MN 55108-5227

Tel: 651.642.0567 or 800.657.3866

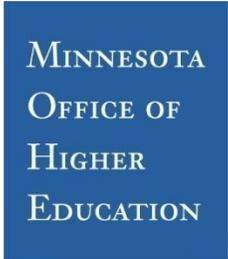
TTY Relay: 800.627.3529

Fax: 651.642.0675

E-mail: info.ohe@state.mn.us

www.getreadyforcollege.org

www.ohe.state.mn.us



MINNESOTA
OFFICE OF
HIGHER
EDUCATION

reach higher

Table of Contents

Introduction	3
Background	3
General Fund Interstate Payments	4
Institutions	4
The Iowa Agreement	5
Outcomes	5
Reciprocity Participation	5
Minnesota-Wisconsin Reciprocity Enrollment	6
Minnesota-North Dakota Tuition Reciprocity Enrollment	9
Minnesota-South Dakota Tuition Reciprocity Enrollment.....	12
Interstate Payments	15
Minnesota-Wisconsin Tuition Reciprocity Payment Calculation	15
Minnesota-North Dakota Payment Calculation	17
Historical Interstate Payment Data	18
Tuition Rates	20
Approaches to Setting Reciprocity Tuition Rates.....	20
Tuition Rates: Minnesota-Wisconsin Tuition Reciprocity	24
Tuition Rates: Minnesota-North Dakota Tuition Reciprocity	27
Tuition Rates: Minnesota-South Dakota Tuition Reciprocity.....	30
Reciprocity Graduates	33
Outcomes	35
Appendix A: Minnesota-North Dakota Interstate Payment History	37

Introduction

Minnesota's interstate tuition reciprocity agreements expand market choices and enrollment opportunities for state residents. In fall 2010, over 27,000 Minnesota residents enrolled in reciprocity institutions in Wisconsin, North Dakota, South Dakota, Iowa and Manitoba. Roughly 17,000 residents of Wisconsin, North Dakota, South Dakota, Iowa and Manitoba enrolled in Minnesota public postsecondary education institutions.

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

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

Background

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

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

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

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

Minnesota's tuition reciprocity agreements provide Minnesota residents the opportunity to attend public postsecondary education institutions in neighboring jurisdictions at a tuition rate they would pay at a comparable home state institution.

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

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

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

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

General Fund Interstate Payments

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

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

Marginal instructional costs are defined as 64 percent of instructional costs in the Minnesota-Wisconsin and the Minnesota-North Dakota agreements. Marginal instructional costs are an approximation of what it costs to add one student to an existing classroom of students. The tuition paid per student is subtracted from the marginal instructional costs per student to determine state general fund obligations per student. (See page 15 for details.)

Minnesota's gross obligation to Wisconsin was \$92.9 million for academic year 2010-2011. Minnesota reciprocity students attending in Wisconsin paid \$101.2 million in tuition, leaving no Minnesota general fund obligation to Wisconsin for academic year 2010-2011. Wisconsin's gross obligation to Minnesota was \$79.6 million for academic year 2010-2011. Wisconsin resident students attending in Minnesota paid \$81.0 million in tuition, leaving no Wisconsin general fund obligation to Minnesota. Minnesota students attending in Wisconsin paid \$8.2 million in tuition over their marginal instructional costs and Wisconsin students attending in Minnesota paid \$1.5 million over their marginal instructional costs. As such, Wisconsin paid Minnesota's general fund \$6.7 million, the difference between \$8.2 million and \$1.5 million in student tuition payments in excess of marginal instructional costs. In addition, the state of Wisconsin made tuition supplement payments to the University of Minnesota (\$4.9 million) and Minnesota State Universities and Colleges (\$0.50 million) for academic year 2010-2011. (See page 16 for details.)

Minnesota made a \$4.2 million payment to North Dakota for academic year 2010-2011 based on the 5,296 more Minnesota resident full-time equivalent enrollments in North Dakota public postsecondary institutions than North Dakota resident full-time equivalent enrollments in Minnesota public postsecondary institutions.

Institutions

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

The Iowa Agreement

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

A Minnesota resident is to be considered as an Iowa resident when applying for admission to Iowa Lakes Community College. A resident of the Iowa Lakes Community College attendance district is to be considered as a Minnesota resident when applying to Minnesota West Community and Technical College. Reciprocity students pay the resident tuition rate at the institution attended.

Outcomes

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

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

Reciprocity Participation

For the past 20 years there has been an increase in the number of students participating in tuition reciprocity. In fall 1985, for example, there were slightly fewer than 26,000 tuition reciprocity students. Today the number is 44,000. Over 27,000 Minnesota residents and roughly 17,000 residents of Wisconsin, North Dakota, South Dakota, Iowa and Manitoba were enrolled in public postsecondary education institutions as tuition reciprocity students in fall 2010.

The following tables present fall headcount enrollment data from Minnesota's tuition reciprocity agreements with Wisconsin, North Dakota and South Dakota. Historical fall headcount enrollment data are presented from 1985 to 2010, and fall 2010 headcount enrollment data are presented by institution. Fall 2010 headcount enrollment data show tuition reciprocity student enrollment was highest at public institutions located near Minnesota's borders.

Minnesota's tuition reciprocity agreements with Manitoba and Iowa Lakes Community College enroll relatively few students each year. In fall 2010, 233 Minnesota residents were enrolled in the five campuses of Iowa Lakes Community College and 86 Iowa residents were enrolled in the five campuses of Minnesota West Community and Technical College. In fall 2010, 31 Minnesota residents were enrolled in Manitoba and 38 Manitoba residents were enrolled in Minnesota.

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

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

⁶ U.S. Census Bureau, American Community Survey, American FactFinder S1501, <http://factfinder.census.gov/>.

Minnesota-Wisconsin Reciprocity Enrollment

The following tables present fall headcount enrollments in the Minnesota-Wisconsin tuition reciprocity agreement. Total fall headcount enrollment from fall 1985 to fall 2010 is shown in Table 1. The data show incremental increases in tuition reciprocity enrollment and stable enrollment ratios. Fall 2010 headcount enrollment by institution attended is shown in Tables 2 and 3. Institutions located near the Minnesota-Wisconsin border and the University of Wisconsin-Madison enrolled the most reciprocity students in fall 2010.

Table 1
Minnesota-Wisconsin Tuition Reciprocity
Headcount Enrollment: 1985 - 2010

	Minnesota Residents Attending in Wisconsin	Wisconsin Residents Attending in Minnesota	Ratio
1985	8,659	4,579	1.9
1986	9,112	4,746	1.9
1987	9,428	5,557	1.7
1988	9,876	6,204	1.6
1989	10,122	6,782	1.5
1990	10,140	7,412	1.4
1991	11,150	7,856	1.4
1992	10,877	8,245	1.3
1993	10,377	7,242	1.4
1994	10,646	7,515	1.4
1995	10,719	8,184	1.3
1996	11,137	8,585	1.3
1997	11,500	9,361	1.3
1998	12,290	9,559	1.3
1999	12,742	9,283	1.4
2000	13,022	9,414	1.4
2001	13,142	9,816	1.3
2002	13,209	10,487	1.3
2003	13,277	11,014	1.2
2004	13,139	11,409	1.2
2005	13,595	11,418	1.2
2006	13,686	11,646	1.2
2007	13,726	11,308	1.2
2008	14,034	10,690	1.3
2009	14,152	10,301	1.4
2010	14,431	10,181	1.4

Source: Minnesota Office of Higher Education

Table 2

Minnesota-Wisconsin Tuition Reciprocity

Headcount Enrollment by Institution: Fall 2010

Minnesota Residents Attending	
Wisconsin Institutions	Headcount
U.W. Madison	3,344
U.W. River Falls	3,137
U.W. Stout	2,339
U.W. Eau Claire	2,256
U.W. LaCrosse	1,144
U.W. Superior	994
U.W. Milwaukee	476
U.W. Stevens Point	377
U.W. Platteville	114
U.W. Green Bay	83
U.W. Oshkosh	66
U.W. Whitewater	60
U.W. College System	27
U.W. Parkside	14
Total	14,431

Source: Minnesota Office of Higher Education

Table 3**Minnesota-Wisconsin Tuition Reciprocity****Headcount Enrollment by Institution: Fall 2010**

Wisconsin Residents Attending	
Minnesota Institutions	Headcount
U.M. - Twin Cities	4,880
Winona State University	2,104
U.M. - Duluth	869
Minnesota State University-Mankato	661
St Cloud State University	589
Lake Superior College	347
Century College	180
Metropolitan State University	89
Minnesota State University Moorhead	83
Bemidji State University	62
Vermilion Community College	54
Southwest Minnesota State University	26
U.M. - Morris	26
U.M. - Crookston	25
Inver Hills Community College	25
Rochester Community & Technical College	20
Itasca Community College	19
Fond du Lac Tribal and Community College	18
Minnesota West Community & Technical College	14
Northland Community & Technical College	13
Anoka-Ramsey Community College	11
Minneapolis Community & Technical College	10
Ridgewater College	9
Minnesota State Community & Technical College	9
Normandale Community College	9
Hibbing Community College	8
Mesabi Range Community & Technical College	7
Rainy River Community College	7
Riverland Community College	3
Central Lakes College	2
North Hennepin Community College	2
Total	10,181

Source: Minnesota Office of Higher Education

Minnesota-North Dakota Tuition Reciprocity Enrollment

The following tables present fall headcount enrollments in the Minnesota-North Dakota tuition reciprocity agreement. Fall headcount enrollment from fall 1985 to fall 2010 is shown in Table 4. The data show incremental increases in tuition reciprocity enrollment for most years and relatively stable but increasing enrollment ratios. Fall 2010 headcount enrollment by institution attended is shown in Tables 5 and 6. Institutions located near the Minnesota-North Dakota border enrolled the most reciprocity students in fall 2010.

Table 4
Minnesota-North Dakota Tuition Reciprocity
Headcount Enrollment: 1985 - 2010

	Minnesota Residents Attending in North Dakota	North Dakota Residents Attending in Minnesota	Ratio
1985	5,360	4,131	1.3
1986	5,385	4,240	1.3
1987	5,537	4,461	1.2
1988	6,144	4,630	1.3
1989	6,380	4,763	1.3
1990	5,873	5,160	1.1
1991	5,731	4,974	1.2
1992	5,936	4,742	1.3
1993	6,062	4,582	1.3
1994	6,120	4,003	1.4
1995	6,150	4,168	1.5
1996	6,129	4,295	1.4
1997	5,967	4,267	1.2
1998	5,967	4,560	1.2
1999	6,021	5,049	1.1
2000	6,393	5,357	1.2
2001	6,636	5,663	1.2
2002	6,912	5,818	1.2
2003	7,427	5,931	1.3
2004	7,732	5,816	1.3
2005	8,089	5,931	1.4
2006	8,094	5,874	1.4
2007	8,361	5,721	1.5
2008	8,358	5,610	1.5
2009	8,609	5,492	1.6
2010	10,325	5,386	1.9

Source: Minnesota Office of Higher Education

Table 5

**Minnesota-North Dakota Tuition Reciprocity
Headcount Enrollment by Institution: Fall 2010**

Minnesota Residents Attending North Dakota Institutions	Headcount
North Dakota State University - Fargo	5,540
University of North Dakota - Grand Forks	4,056
North Dakota State College of Science - Wahpeton	434
Valley City State University	136
Mayville State University	97
Bismarck State College	24
Minot State University	18
Dickinson State University	14
North Dakota State University - Bottineau	3
University of North Dakota - Williston	2
Lake Region State College	1
Total	10,325

Source: Minnesota Office of Higher Education

Table 6**Minnesota-North Dakota Tuition Reciprocity****Headcount Enrollment by Institution: Fall 2010**

Minnesota Institutions	Headcount
North Dakota Residents Attending	
Minnesota State University-Moorhead	1,946
Minnesota State Community & Technical College	1,387
Northland Community & Technical College	1,259
University of Minnesota-Twin Cities	412
St Cloud State University	96
Bemidji State University	59
Minnesota State University-Mankato	54
University of Minnesota-Duluth	45
University of Minnesota-Crookston	30
Alexandria Technical and Community College	22
Northwest Technical College - Bemidji	14
Ridgewater College	10
St Cloud Technical and Community College	9
Lake Superior College	8
Minnesota West Community & Technical College	6
Southwest Minnesota State University	5
Winona State University	5
Itasca Community College	4
Metropolitan State University	4
Minnesota State College - Southeast Technical	3
Dakota County Technical College	3
Century College	3
Hibbing Community College	1
Pine Technical College	1
Anoka-Ramsey Community College	0
Riverland Community College	0
Central Lakes College	0
Vermilion Community College	0
Minneapolis Community & Technical College	0
North Hennepin Community College	0
Rochester Community & Technical College	0
University of Minnesota-Morris	0
Mesabi Range Community & Technical College	0
St Paul College	0
South Central College	0
Rainy River Community College	0
Inver Hills Community College	0
Anoka Technical College	0
Normandale Community College	0
Hennepin Technical College	0
Fond du Lac Tribal and Community College	0
Total	5,386

Source: Minnesota Office of Higher Education

Minnesota-South Dakota Tuition Reciprocity Enrollment

The following tables present fall headcount enrollments in the Minnesota-South Dakota tuition reciprocity agreement. Fall headcount enrollment from fall 1985 to fall 2010 is shown in Table 7. The data show incremental increases in tuition reciprocity enrollment for most years and some variation in enrollment ratios. Fall 2010 headcount enrollment by institution attended is shown in Tables 8 and 9. Institutions located near the Minnesota-South Dakota border and the University of Minnesota-Twin Cities enrolled the most reciprocity students in fall 2010.

Table 7
Minnesota-South Dakota Tuition Reciprocity
Headcount Enrollment: 1985 - 2010

Fall Term	Minnesota Residents Attending in South Dakota	South Dakota Residents Attending in Minnesota	Ratio
1985	1,027	1,707	0.6
1986	1,038	1,950	0.5
1987	903	1,960	0.5
1988	968	2,098	0.5
1989	1,098	2,099	0.5
1990	1,233	2,051	0.6
1991	1,451	2,066	0.7
1992	1,638	1,965	0.8
1993	1,726	1,595	1.1
1994	1,923	1,512	1.3
1995	1,965	1,543	1.3
1996	1,867	1,623	1.2
1997	1,821	1,634	1.1
1998	1,754	1,821	1.0
1999	1,731	1,992	0.9
2000	1,683	2,133	0.8
2001	1,699	2,306	0.8
2002	1,775	2,109	0.8
2003	1,779	2,209	0.8
2004	2,003	2,152	0.9
2005	1,954	2,074	0.9
2006	2,284	1,926	1.2
2007	2,224	1,707	1.3
2008	2,494	1,575	1.6
2009	2,662	1,552	1.7
2010	2,632	1,425	1.8

Source: Minnesota Office of Higher Education

Table 8

Minnesota/South Dakota Tuition Reciprocity

Headcount Enrollment by Institution: Fall 2010

Minnesota Residents Attending in South Dakota

Institution	Headcount
South Dakota State University-Brookings	1,866
University of South Dakota-Vermillion	289
Northern State University	169
South Dakota School of Mines & Technology	168
Dakota State University	108
Black Hills State University	32
Total	2,632

Source: Minnesota Office of Higher Education

Table 9**Minnesota/South Dakota Tuition Reciprocity****Headcount Enrollment by Institution: Fall 2010**

Minnesota Residents Attending in South Dakota	
Institution	Headcount
University of Minnesota-Twin Cities	384
Minnesota State University Mankato	347
Southwest Minnesota State University	225
Minnesota State University Moorhead	222
St Cloud State University	117
Minnesota West Community and Technical College	24
University of Minnesota-Duluth	21
Winona State University	21
Minnesota State Community and Technical College	19
Bemidji State University	8
Riverland Community College	6
Ridgewater College	6
Lake Superior College	4
Metropolitan State University	4
University of Minnesota-Crookston	3
Anoka-Ramsey Community College	2
Vermilion Community College	2
Minneapolis Community and Technical College	2
Normandale Community College	2
North Hennepin Community College	1
Mesabi Range Community and Technical College	1
St Paul College	1
Rainy River Community College	1
Inver Hills Community College	1
Century College	1
Central Lakes College	0
Hibbing Community College	0
Itasca Community College	0
Rochester Community and Technical College	0
Northland Community and Technical College	0
University of Minnesota-Morris	0
South Central College	0
Fond du Lac Tribal and Community College	0
Total	1,425

Source: Minnesota Office of Higher Education

Interstate Payments

Minnesota's agreements with Wisconsin and North Dakota include a tuition reciprocity interstate payment in compliance with 2011 Minnesota Statutes 136A.08, Subd. 3 and 4, by incorporating the difference in tuition rates and student enrollments in the agreements. A reciprocity student and the general fund of a reciprocity student's state of residence are responsible for the marginal instructional costs associated with educating a reciprocity student. First, a reciprocity student pays a portion or all of the marginal instructional cost of his or her education through tuition. Second, the general fund of a student's state of residence pays for any remaining marginal instructional cost not covered by a student's tuition payment.

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

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

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

Minnesota-Wisconsin Tuition Reciprocity Payment Calculation

A financial obligation is computed based on student credits consumed, marginal instructional costs and student tuition paid in the Minnesota-Wisconsin agreement. The Minnesota-Wisconsin tuition reciprocity payment calculation for academic year 2010-2011, the most recent year available, is shown in Table 10. Wisconsin's gross marginal instructional cost obligation to Minnesota was \$79.6 million for academic year 2010-2011. The state of Wisconsin's obligation was met by the \$81.0 million Wisconsin students paid in tuition to Minnesota public institutions. Minnesota's gross marginal instructional cost obligation to Wisconsin was \$92.9 million. The state of Minnesota's obligation was met by the \$101.2 million Minnesota students paid in tuition to Wisconsin public institutions. Minnesota students attending in Wisconsin paid \$8.2 million in tuition over their marginal instructional costs and Wisconsin students attending in Minnesota paid \$1.5 million over their marginal instructional costs. As such, Wisconsin paid Minnesota's general fund \$6.7 million, the difference between the \$8.2 million and \$1.5 million in student tuition payments in excess of marginal instructional costs. In addition, the state of Wisconsin made tuition supplement payments to the University of Minnesota (\$4.9 million) and Minnesota State Colleges and Universities (\$0.50 million) for academic year 2010-2011. Wisconsin's general fund payment to Minnesota was \$6.8 million. The state of Wisconsin's total payments to Minnesota entities was \$12.0 million, as shown in Table 10.

Table 10**Minnesota-Wisconsin Tuition Reciprocity****Academic Year 2010-2011****Wisconsin's Obligation to Minnesota**

Institution/ Type Study	Number of Credits	Marginal Instructional Costs	Gross State Obligation	Student Tuition Paid	Net State Obligation
MnSCU Two-Year	18,273	\$164.45	\$3,004,913	\$2,730,018	\$274,895
MnSCU Four-Year & U.M. Crookston Undergraduate	103,008	\$195.53	\$20,141,056	\$20,276,184	-\$135,127
U of M - Duluth Undergraduate	24,014	\$217.95	\$5,233,851	\$7,006,140	-\$1,772,289
U.M. Morris & Twin Cities Undergraduate	129,551	\$291.47	\$37,760,230	\$40,155,969	-\$2,395,739
MnSCU Four-Year Graduate	3,323	\$391.76	\$1,301,818	\$1,060,283	\$241,536
U of M - Duluth Graduate	1,653	\$676.53	\$1,117,966	\$960,105	\$157,861
U of M - Twin Cities Graduate	14,415	\$763.94	\$11,011,813	\$8,853,825	\$2,157,988
State of WI Obligation to MN	294,235		\$79,571,648	\$81,042,524	(\$1,470,876)
Share of Gross State Amount				102%	0%

Wisconsin's Obligation to Minnesota

Institution/ Type Study	Number of Credits	Marginal Instructional Costs	Gross State Obligation	Student Tuition Paid	Net State Obligation
U.W. College System	586	\$164.45	\$96,368	\$95,087	\$1,281
U.W. Comprehensive Undergraduate	287,569	\$195.53	\$56,228,271	\$60,174,681	-\$3,946,411
U.W. Milwaukee Undergraduate	10,455	\$217.95	\$2,278,667	\$3,451,103	-\$1,172,436
U.W. Madison Undergraduate	89,628	\$291.47	\$26,123,873	\$30,280,252	-\$4,156,378
U.W. Comprehensive Graduate	9,588	\$391.76	\$3,756,195	\$3,384,453	\$371,742
U.W. Milwaukee Graduate	2,074	\$676.53	\$1,403,123	\$1,187,313	\$215,810
U.W. Madison Graduate	3,993	\$763.94	\$3,050,412	\$2,601,270	\$449,142
State of WI Obligation to MN	403,893		\$92,936,909	\$101,174,159	(\$8,237,249)
Share of Gross State Obligation				109%	0%

Difference in payment calculation totals = Wisconsin payment to state of Minnesota

\$6,766,373

Wisconsin Tuition Supplement payment to U.M. Board of Regents

\$4,948,715

Wisconsin Tuition Supplement payment to MnSCU Board of Trustees

\$518,764

Total Wisconsin Payment**\$12,233,852**

Source: Minnesota Office of Higher Education

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

Table 11
Minnesota-Wisconsin Tuition Reciprocity
Who Pays for Tuition Reciprocity?
Student and State Share of Marginal Instructional Costs
2000-01 to 2010-11

Academic Year	Minnesota		Wisconsin	
	Students	State	Students	State
2010-11	100%	0%	100%	0%
2009-10	100%	0%	89%	11%
2008-09	98%	2%	84%	16%
2007-08	98%	2%	85%	15%
2006-07	99%	1%	86%	14%
2005-06	97%	3%	86%	14%
2004-05	91%	9%	81%	19%
2003-04	84%	16%	74%	26%
2002-03	73%	27%	64%	36%
2001-02	69%	31%	62%	38%
2000-01	64%	36%	60%	40%

Source: Minnesota Office of Higher Education

Minnesota-North Dakota Payment Calculation

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

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

North Dakota public postsecondary institutions have historically enrolled more Minnesota residents than Minnesota public postsecondary institutions have enrolled North Dakota residents. In fall 2010, for example, 10,325 Minnesotans enrolled in North Dakota public postsecondary institutions and 5,386 North Dakotans enrolled in Minnesota public institutions. For academic year 2010-2011, there were 5,296 more full-time equivalent Minnesotans enrolled in North Dakota than North Dakotans enrolled in Minnesota. As such, the state of Minnesota has usually made an annual tuition reciprocity payment to North Dakota. North Dakota public postsecondary institutions are expected to continue to enroll more Minnesota residents than Minnesota public postsecondary institutions. Annually over 50,000 more high school students graduate in the state of Minnesota than in the state of North Dakota. Furthermore, the agreement's postsecondary education enrollments reflect the difference in state populations; Minnesota had over five million residents and North Dakota had fewer than 700,000 residents in 2010 according to the United States census.

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

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

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

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

The Minnesota-North Dakota tuition reciprocity payment calculation for academic year 2010-2011 is shown in Table 12.

Table 12
Minnesota-North Dakota Tuition Reciprocity
Interstate Payment: 2010-2011

	Operational Expenditure per FTE	\$11,120
	Marginal Expenditure Rate	0.64
x	Marginal Expenditure per FTE	\$7,117
=	Resident Tuition Rate (NDSU/UND)	\$5,646
-	Remaining Marginal Expenditures per FTE	\$1,471
=	GAP FTE Students	5,296
x	Gross State Obligation	\$7,787,797
-	Student Payment	\$3,574,952
=	Net State Obligation	\$4,212,845

Source: Minnesota Office of Higher Education

Historical Interstate Payment Data

Minnesota’s tuition reciprocity interstate payment general fund obligations are presented in Table 13. Positive numbers represent a payment from the Minnesota general fund to either North Dakota or Wisconsin. Numbers in brackets () represent a payment from either North Dakota or Wisconsin to the Minnesota general fund and, in the case of Wisconsin, tuition supplement payments to the University of Minnesota and MnSCU starting with academic year 2008-09.

Table 13
Interstate Reciprocity Payments,*
Academic Years 1975-76 - 2010-2011
Amount (\$ Millions)

Year	General Fund Payments		WI Tuition Supplement Payments	
	To North Dakota	To Wisconsin	U.M.	MnSCU
1975-76	\$0.00	\$4.20		
1976-77	\$0.00	\$5.50		
1977-78	\$0.00	\$6.80		
1978-79	\$0.70	\$8.10		
1979-80	\$0.80	\$4.10		
1980-81	\$0.90	\$5.60		
1981-82	\$1.00	\$3.90		
1982-83	\$1.10	\$5.30		
1983-84	\$0.10	\$2.80		
1984-85	\$0.05	\$2.70		
1985-86	\$0.00	\$3.10		
1986-87	\$0.00	\$3.90		
1987-88	\$0.00	\$3.30		
1988-89	\$0.00	\$4.60		
1989-90	\$0.00	\$5.70		
1990-91	\$0.00	\$6.60		
1991-92	\$0.35	\$3.30		
1992-93	\$0.37	\$2.50		
1993-94	\$0.60	\$2.00		
1994-95	\$1.00	\$1.70		
1995-96	\$2.70	\$1.70		
1996-97	\$2.90	(\$1.30)		
1997-98	\$4.20	(\$2.10)		
1998-99	\$2.60	\$2.60		
1999-00	\$2.20	\$2.50		
2000-01	\$1.40	\$2.40		
2001-02	\$0.43	(\$0.30)		
2002-03	\$0.00	(\$3.10)		
2003-04	\$0.00	(\$6.10)		
2004-05	\$0.00	(\$6.51)		
2005-06	\$1.54	(\$7.77)		
2006-07	\$0.28	(\$10.00)		
2007-08	\$3.10	(\$10.50)		
2008-09	\$3.10	(\$9.23)	(\$1.78)	(\$0.33)
2009-10	\$4.03	(\$9.10)	(\$3.37)	(\$0.46)
2010-11	\$4.20	(\$6.77)	(\$4.95)	(\$0.52)

* Figures in brackets denote payment to Minnesota's General Fund or public systems.
Source: Minnesota Office of Higher Education

Tuition Rates

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

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

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

Approaches to Setting Reciprocity Tuition Rates

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 tuition rate setting practices have been used:

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

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 three tuition-setting approaches, with their advantages and disadvantages, are described in the following section.

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

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

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

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

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

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

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

The higher of the two-state resident tuition rates at comparable institutions is current practice in Minnesota's reciprocity agreements with North Dakota and South Dakota, for all students, and with Wisconsin, for graduate and professional students and undergraduates admitted during or after the 2008-2009 academic year. After the 2011-2012 academic year, all Wisconsin undergraduate reciprocity students attending in Minnesota will be charged the higher of the two state undergraduate tuition rates.

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

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

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

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

Wisconsin's reciprocity supplement has been paid directly to the Minnesota public system enrolling the Wisconsin resident. The supplement has prevented Wisconsin residents from having to pay higher tuition to enroll at Minnesota institutions with a higher resident tuition rate. It also removed the problem of a Minnesota public institution collecting less revenue from enrolling a Wisconsin resident. The state of Wisconsin and the state of Minnesota have agreed to eliminate the tuition supplement payment after the 2014-2015 academic year.

The tuition rate changes to the Minnesota-Wisconsin tuition reciprocity agreement, beginning in 2008-2009, should not result in changes for Minnesota residents attending in Wisconsin, as long as Minnesota resident tuition rates remain higher than the Wisconsin resident tuition rates at comparable Minnesota

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

and Wisconsin institutions. Minnesotans attending in Wisconsin would be charged the higher Minnesota tuition rate.

Specific tuition rates used in Minnesota's tuition reciprocity agreements for 2010-2011 are presented in Tables 14 through 19 on the following pages.

Tuition Rates: Minnesota-Wisconsin Tuition Reciprocity

Tuition rates at Wisconsin institutions for 2011-2012 are shown in Table 14.

Table 14
Minnesota-Wisconsin Tuition Reciprocity
Wisconsin Tuition Rates 2011-2012*

Wisconsin Institution	Resident	Reciprocity	Non-Resident
U.W. - Baraboo/Sauk	\$4,503	\$4,572	\$11,486
U.W. - Barron/Rice Lake	\$4,503	\$4,572	\$11,486
U.W. - Eau Claire - Graduate	\$7,312	\$7,795	\$16,771
U.W. - Eau Claire - Undergraduate	\$6,733	\$6,733	\$14,306
U.W. - Fond du Lac	\$4,503	\$4,572	\$11,486
U.W. - Fox Valley	\$4,503	\$4,572	\$11,486
U.W. - Green Bay - Graduate	\$7,312	\$7,795	\$16,771
U.W. - Green Bay - Undergraduate	\$5,970	\$6,485	\$13,542
U.W. - LaCrosse - Graduate	\$7,444	\$7,795	\$16,903
U.W. - LaCrosse - Undergraduate	\$7,189	\$7,189	\$14,762
U.W. - Madison - Graduate	\$10,296	\$14,012	\$24,054
U.W. - Madison - Undergraduate	\$8,592	\$11,650	\$24,342
U.W. - Manitowoc	\$4,503	\$4,572	\$11,486
U.W. - Marathon	\$4,503	\$4,572	\$11,486
U.W. - Marinette	\$4,503	\$4,572	\$11,486
U.W. - Marshfield-Wood	\$4,503	\$4,572	\$11,486
U.W. - Milwaukee - Graduate	\$9,965	\$14,012	\$22,852
U.W. - Milwaukee - Undergraduate	\$7,669	\$11,322	\$17,398
U.W. - Oshkosh - Graduate	\$7,312	\$7,795	\$16,771
U.W. - Oshkosh - Undergraduate	\$6,090	\$6,485	\$13,663
U.W. - Parkside - Graduate	\$7,312	\$7,795	\$16,771
U.W. - Parkside - Undergraduate	\$5,970	\$6,485	\$13,543
U.W. - Platteville - Graduate	\$7,312	\$7,795	\$16,771
U.W. - Platteville - Undergraduate	\$6,084	\$6,485	\$13,656
U.W. - Richland	\$4,503	\$4,572	\$11,486
U.W. - River Falls - Graduate	\$7,312	\$7,795	\$16,771
U.W. - River Falls - Undergraduate	\$6,070	\$6,485	\$13,643
U.W. - Rock Cty	\$4,503	\$4,572	\$11,486
U.W. - Sheboygan	\$4,503	\$4,572	\$11,486
U.W. - Stevens Point - Graduate	\$7,312	\$7,795	\$16,771
U.W. - Stevens Point - Undergraduate	\$5,970	\$6,485	\$13,543
U.W. - Stout - Graduate	\$7,869	\$7,869	\$17,293
U.W. - Stout - Undergraduate	\$6,352	\$6,485	\$14,394
U.W. - Superior - Graduate	\$7,312	\$7,795	\$16,771
U.W. - Superior - Undergraduate	\$6,207	\$6,485	\$13,780
U.W. - Washington	\$4,503	\$4,572	\$11,486
U.W. - Waukesha Cty	\$4,503	\$4,572	\$11,486
U.W. - Whitewater - Graduate	\$7,312	\$7,795	\$16,771
U.W. - Whitewater - Undergraduate	\$6,179	\$6,485	\$13,752

*Does not include fees per Minnesota-Wisconsin agreement

Source: Minnesota Office of Higher Education

Tuition rates at Minnesota institutions for 2011-2012 are shown in Table 15.

Table 15
Minnesota-Wisconsin Tuition Reciprocity
Minnesota Tuition Rates 2011-2012*

Minnesota Institution	Resident	Reciprocity	Non-Resident
Alexandria Technical & Community College	\$4,642	\$4,642	\$4,642
Anoka Technical College	\$4,817	\$4,817	\$4,817
Anoka-Ramsey Community College	\$4,181	\$4,181	\$4,181
Bemidji State University - Undergraduate	\$6,904	\$6,904	\$6,904
Bemidji State University - Graduate	\$8,243	\$8,243	\$8,243
Central Lakes College	\$4,589	\$4,589	\$4,589
Century College	\$4,644	\$4,644	\$4,644
Dakota County Technical College	\$4,897	\$4,897	\$4,897
Fond Du Lac Tribal and Community College	\$4,584	\$4,584	\$4,584
Hennepin Technical College	\$4,533	\$4,533	\$4,533
Hibbing Community College	\$4,547	\$4,547	\$5,684
Inver Hills Community College	\$4,650	\$4,650	\$4,650
Itasca Community College	\$4,547	\$4,547	\$5,684
Lake Superior College	\$4,248	\$4,503	\$8,495
Mesabi Range Community and Technical College	\$4,547	\$4,547	\$5,684
Metropolitan State University - Undergraduate	\$6,028	\$6,290	\$12,299
Metropolitan State University - Graduate	\$7,482	\$7,482	\$14,964
Minneapolis Community & Technical College	\$4,523	\$4,523	\$4,523
Minnesota State College – Southeast Technical	\$4,838	\$4,838	\$4,838
Minnesota State Community and Technical College	\$4,662	\$4,662	\$4,662
Minnesota State University Mankato - Undergraduate	\$6,350	\$6,350	\$16,115
Minnesota State University Mankato - Graduate	\$7,885	\$7,885	\$7,885
Minnesota State University Moorhead - Undergraduate	\$6,568	\$6,568	\$6,568
Minnesota State University Moorhead - Graduate	\$7,478	\$7,478	\$7,478
Minnesota West Community and Technical College	\$4,949	\$4,949	\$4,949
Normandale Community College	\$4,704	\$4,704	\$4,704
North Hennepin Community College	\$4,785	\$5,013	\$4,785
Northland Community & Technical College	\$4,760	\$4,760	\$4,760
Northwest Technical College - Bemidji	\$5,040	\$5,040	\$5,040
Pine Technical College	\$4,439	\$4,439	\$8,879
Rainy River Community College	\$4,547	\$4,547	\$5,684
Ridgewater College	\$4,653	\$4,653	\$4,653
Riverland Community College	\$4,760	\$4,760	\$4,760
Rochester Community & Technical College	\$4,757	\$4,757	\$4,757
South Central College	\$4,650	\$4,650	\$4,650
Southwest Minnesota State University - Undergraduate	\$6,679	\$6,679	\$6,679
Southwest Minnesota State University - Graduate	\$8,066	\$8,066	\$8,066
St. Cloud State University - Undergraduate	\$6,285	\$6,290	\$13,581
St. Cloud State University - Graduate	\$7,669	\$7,669	\$11,956
St. Cloud Technical and Community College	\$4,628	\$4,628	\$4,628

Table 15 (continued)
Minnesota-Wisconsin Tuition Reciprocity
Minnesota Tuition Rates 2011-2012*

Minnesota Institution	Resident	Reciprocity	Non-Resident
St. Paul College	\$4,669	\$4,669	\$4,669
U of M Crookston	\$9,694	\$9,694	\$9,694
U of M Duluth - Undergraduate	\$11,322	\$11,322	\$13,832
U of M Duluth - Graduate	\$14,012	\$14,012	\$21,466
U of M Morris	\$11,322	\$11,322	\$11,322
U of M Twin Cities - Undergraduate	\$11,650	\$11,650	\$16,650
U of M Twin Cities - Graduate	\$14,012	\$14,012	\$21,466
Vermilion Community College	\$4,547	\$4,547	\$5,684
Winona State University - Undergraduate	\$6,666	\$6,666	\$11,997
Winona State University - Graduate	\$8,142	\$8,142	\$12,263

*Does not include fees per Minnesota-Wisconsin agreement

Source: Minnesota Office of Higher Education

Tuition Rates: Minnesota-North Dakota Tuition Reciprocity

Tuition rates at North Dakota institutions for 2011-2012 are shown in Table 16.

Table 16
Minnesota-North Dakota Tuition Reciprocity
North Dakota Tuition Rates 2011-2012*

North Dakota Institution	Resident	Reciprocity	Non-Resident
Bismarck State College - Undergraduate	\$3,364	\$4,627	\$8,982
Dickinson State University - Undergraduate	\$4,414	\$4,749	\$11,784
Lake Region State College	\$3,065	\$3,065	\$3,065
Mayville State University - Undergraduate	\$4,375	\$4,708	\$6,562
Minot State University - Graduate	\$6,068	\$6,068	\$6,068
Minot State University - Undergraduate	\$4,588	\$4,588	\$4,588
Dakota College of Bottineau	\$3,120	\$4,627	\$4,680
NDSCS-Wahpeton - Undergraduate	\$3,368	\$4,627	\$8,991
NDSU-Fargo - Graduate	\$6,580	\$7,795	\$17,569
NDSU-Fargo - Undergraduate	\$6,135	\$6,417	\$16,381
University of ND - Grand Forks - Graduate	\$6,232	\$7,795	\$15,468
University of ND - Grand Forks - Undergraduate	\$5,793	\$6,417	\$15,468
Williston State College	\$3,020	\$3,020	\$3,020
Valley City State University - Undergraduate	\$4,544	\$4,889	\$12,131

*Does not include fees per Minnesota-North Dakota agreement

Source: Minnesota Office of Higher Education

Tuition rates at Minnesota institutions for 2011-2012 are shown in Table 17.

Table 17
Minnesota-North Dakota Tuition Reciprocity
Minnesota Tuition Rates 2011-2012*

Minnesota Institution	Resident	Reciprocity	Non-Resident
Alexandria Technical & Community College	\$4,642	\$4,642	\$4,642
Anoka Technical College	\$4,817	\$4,817	\$4,817
Anoka-Ramsey Community College	\$4,181	\$4,181	\$4,181
Bemidji State University - Undergraduate	\$6,904	\$6,904	\$6,904
Bemidji State University - Graduate	\$8,243	\$8,243	\$8,243
Central Lakes College	\$4,589	\$4,589	\$4,589
Century College	\$4,644	\$4,644	\$4,644
Dakota County Technical College	\$4,897	\$4,897	\$4,897
Fond Du Lac Tribal and Community College	\$4,584	\$4,584	\$4,584
Hennepin Technical College	\$4,533	\$4,533	\$4,533
Hibbing Community College	\$4,547	\$4,547	\$5,684
Inver Hills Community College	\$4,650	\$4,650	\$4,650
Itasca Community College	\$4,547	\$4,547	\$5,684
Lake Superior College	\$4,248	\$4,248	\$8,495
Mesabi Range Community and Technical College	\$4,547	\$4,547	\$5,684
Metropolitan State University - Undergraduate	\$6,028	\$6,028	\$12,299
Metropolitan State University - Graduate	\$7,482	\$7,482	\$14,964
Minneapolis Community & Technical College	\$4,523	\$4,523	\$4,523
Minnesota State College – Southeast Technical	\$4,838	\$4,838	\$4,838
Minnesota State Community and Technical College	\$4,662	\$4,662	\$4,662
Minnesota State University Mankato - Undergraduate	\$6,350	\$6,350	\$16,115
Minnesota State University Mankato - Graduate	\$7,885	\$7,885	\$7,885
Minnesota State University Moorhead - Undergraduate	\$6,568	\$6,568	\$6,568
Minnesota State University Moorhead - Graduate	\$7,478	\$7,478	\$7,478
Minnesota West Community and Technical College	\$4,949	\$4,949	\$4,949
Normandale Community College	\$4,704	\$4,704	\$4,704
North Hennepin Community College	\$4,785	\$4,785	\$4,785
Northland Community & Technical College	\$4,760	\$4,760	\$4,760
Northwest Technical College - Bemidji	\$5,040	\$5,040	\$5,040
Pine Technical College	\$4,439	\$4,439	\$8,879
Rainy River Community College	\$4,547	\$4,547	\$5,684
Ridgewater College	\$4,653	\$4,653	\$4,653
Riverland Community College	\$4,760	\$4,760	\$4,760
Rochester Community & Technical College	\$4,757	\$4,757	\$4,757
South Central College	\$4,650	\$4,650	\$4,650
Southwest Minnesota State University - Undergraduate	\$6,679	\$6,679	\$6,679
Southwest Minnesota State University - Graduate	\$8,066	\$8,066	\$8,066
St. Cloud State University - Undergraduate	\$6,285	\$6,285	\$13,581
St. Cloud State University - Graduate	\$7,669	\$7,669	\$11,956
St. Cloud Technical and Community College	\$4,628	\$4,628	\$4,628

Table 17 (continued)
Minnesota-North Dakota Tuition Reciprocity
Minnesota Tuition Rates 2011-2012*

Minnesota Institution	Resident	Reciprocity	Non-Resident
St. Paul College	\$4,986	\$4,986	\$4,986
U of M Crookston	\$9,694	\$9,694	\$9,694
U of M Duluth - Undergraduate	\$11,322	\$11,322	\$13,832
U of M Duluth - Graduate	\$14,012	\$14,012	\$21,466
U of M Morris	\$11,322	\$11,322	\$11,322
U of M Twin Cities - Undergraduate	\$11,650	\$11,650	\$16,650
U of M Twin Cities - Graduate	\$14,012	\$14,012	\$21,466
Vermilion Community College	\$4,547	\$4,547	\$5,684
Winona State University - Undergraduate	\$6,666	\$6,666	\$11,997
Winona State University - Graduate	\$8,142	\$8,142	\$12,263

*Does not include fees per Minnesota-North Dakota agreement

Source: Minnesota Office of Higher Education

Tuition Rates: Minnesota-South Dakota Tuition Reciprocity

Tuition and fee rates at South Dakota institutions for 2011-2012 are shown in Table 18.

Table 18
Minnesota-South Dakota Tuition Reciprocity
South Dakota Tuition & Fee Rates 2011-2012*

South Dakota Institution	Resident	Reciprocity	Non-Resident
Black Hills State College - Graduate	\$6,983	\$9,929	\$11,626
Black Hills State College - Undergraduate	\$6,960	\$8,225	\$8,675
Dakota State University - Graduate	\$7,511	\$9,929	\$12,154
Dakota State University - Undergraduate	\$7,620	\$8,225	\$9,335
Northern State University - Graduate	\$6,976	\$9,929	\$11,619
Northern State University - Undergraduate	\$6,951	\$8,225	\$8,666
South Dakota School of Mines & Technology - Graduate	\$7,732	\$9,929	\$12,375
South Dakota School of Mines & Technology - Undergrad	\$7,897	\$8,225	\$9,612
South Dakota State University - Brookings - Graduate	\$6,924	\$9,929	\$11,567
South Dakota State University - Brookings - Undergraduate	\$6,887	\$8,225	\$8,602
University of South Dakota - Vermillion - Graduate	\$7,182	\$9,929	\$11,825
University of South Dakota - Vermillion - Undergraduate	\$7,209	\$8,225	\$8,924

*Includes fees per Minnesota-South Dakota agreement

Source: Minnesota Office of Higher Education

Tuition and fee rates at Minnesota institutions for 2011-2012 are shown in Table 19.

Table 19
Minnesota-South Dakota Tuition Reciprocity
Minnesota Tuition & Fee Rates 2011-2012*

Minnesota Institution	Resident	Reciprocity	Non-Resident
Alexandria Technical & Community College	\$5,101	\$5,101	\$5,101
Anoka Technical College	\$5,426	\$5,426	\$5,426
Anoka-Ramsey Community College	\$4,811	\$5,480	\$4,811
Bemidji State University - Undergraduate	\$7,857	\$7,854	\$7,857
Bemidji State University - Graduate	\$9,196	\$9,196	\$9,196
Central Lakes College	\$5,209	\$5,943	\$5,209
Century College	\$5,201	\$5,944	\$5,201
Dakota County Technical College	\$5,521	\$5,521	\$5,521
Fond Du Lac Tribal and Community College	\$5,036	\$5,769	\$5,036
Hennepin Technical College	\$4,835	\$4,835	\$4,835
Hibbing Community College	\$5,111	\$5,839	\$6,248
Inver Hills Community College	\$5,152	\$5,896	\$5,152
Itasca Community College	\$5,119	\$5,847	\$6,256
Lake Superior College	\$4,752	\$5,432	\$8,999
Mesabi Range Community and Technical College	\$5,111	\$5,839	\$6,248
Metropolitan State University - Undergraduate	\$6,341	\$6,956	\$12,612
Metropolitan State University - Graduate	\$7,795	\$7,795	\$15,277
Minneapolis Community and Technical College	\$5,192	\$5,916	\$5,192
Minnesota State College – Southeast Technical	\$5,433	\$5,433	\$5,433
Minnesota State Community and Technical College	\$5,136	\$5,882	\$5,136
Minnesota State University Mankato - Undergraduate	\$7,148	\$7,148	\$16,913
Minnesota State University Mankato - Graduate	\$8,683	\$8,683	\$8,683
Minnesota State University Moorhead - Undergraduate	\$7,378	\$7,378	\$7,378
Minnesota State University Moorhead - Graduate	\$8,288	\$8,288	\$8,288
Minnesota West Community and Technical College	\$5,422	\$6,214	\$5,422
Normandale Community College	\$5,448	\$6,201	\$5,448
North Hennepin Community College	\$5,220	\$5,986	\$5,220
Northland Community & Technical College	\$5,253	\$6,015	\$5,253
Northwest Technical College - Bemidji	\$5,331	\$5,331	\$5,331
Pine Technical College	\$4,925	\$4,925	\$9,365
Rainy River Community College	\$5,141	\$5,909	\$6,278
Ridgewater College	\$5,173	\$5,917	\$5,173
Riverland Community College	\$5,332	\$6,094	\$5,332
Rochester Community & Technical College	\$5,435	\$6,196	\$5,435
South Central College	\$5,169	\$5,169	\$5,169
Southwest Minnesota State University - Undergraduate	\$7,731	\$7,731	\$7,731
Southwest Minnesota State University - Graduate	\$9,118	\$9,118	\$9,118
St. Cloud State University - Undergraduate	\$7,106	\$7,106	\$14,402
St. Cloud State University - Graduate	\$8,490	\$8,490	\$12,777
St. Cloud Technical and Community College	\$5,149	\$5,149	\$5,149

Table 19 (continued)
Minnesota-South Dakota Tuition Reciprocity
Minnesota Tuition & Fee Rates 2011-2012*

Minnesota Institution	Resident	Reciprocity	Non-Resident
St. Paul College	\$4,986	\$4,986	\$4,986
U of M Crookston	\$11,096	\$11,096	\$11,096
U of M Duluth - Undergraduate	\$12,349	\$12,349	\$14,859
U of M Duluth - Graduate	\$15,039	\$15,039	\$22,493
U of M Morris	\$12,091	\$12,091	\$12,091
U of M Twin Cities - Undergraduate	\$13,062	\$13,062	\$18,062
U of M Twin Cities - Graduate	\$15,302	\$15,302	\$22,756
Vermilion Community College	\$5,141	\$5,869	\$6,278
Winona State University - Undergraduate	\$8,538	\$8,538	\$13,869
Winona State University - Graduate	\$9,054	\$9,054	\$13,175

*Includes fees per Minnesota-South Dakota agreement

Source: Minnesota Office of Higher Education

Reciprocity Graduates

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

Table 20
Minnesota State Colleges & Universities
Fiscal Year 2011 Graduates Who Attended as Tuition Reciprocity Students:*

Institution	Degree Type						Total
	Associate	Bachelor's	Graduate Certificate	Master's	Post-master's	Doctorate	
Alexandria Technical and Community College	5						5
Anoka-Ramsey Community College	3						3
Anoka Technical College							
Central Lakes College							
Century College							
Dakota County Technical College	6						6
Fond du Lac Tribal and Community College	1						1
Hennepin Technical College	3						3
Inver Hills Community College	3						3
Lake Superior College	7						7
Minneapolis Community and Technical College	2						2
Minnesota State College - Southeast Technical	45						45
Minnesota State Community and Technical College	249						249
Minnesota West Community and Technical College	4						4
Normandale Community College	1						1
North Hennepin Community College	1						1
Northeast Higher Education District							
Hibbing Community College	1						1
Itasca Community College	1						1
Vermilion Community College	2						2
Northland Community and Technical College	216						216
Northwest Technical College - Bemidji	2						2
Pine Technical College							
Ridgewater College	1						1
Riverland Community College	2						2
Rochester Community & Technical College	2						2
St. Cloud Technical and Community College	4						4
St. Paul College							0
Subtotal Colleges	561						561
Bemidji State University		22			2		22
Metropolitan State University		16		1	1		17
Minnesota State University Mankato		127		3	21	1	130
Minnesota State University Moorhead	2	391	1	2	35		395
St. Cloud State University		128			10		128
Southwest Minnesota State University		30		1	70		31
Winona State University		335			16		335
Subtotal Universities	2	1,049	1	7	155	1	1,058
Total: Colleges and Universities	563	1,049	1	7	155	1	1,619

* Preliminary as reported by MnSCU on March 19, 2011

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

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

Table 21
University of Minnesota
Graduates Enrolled as Reciprocity Students
Academic Year 2010-2011

Campus	Degree Type					Total
	Associate	Bachelor's	Master's	First Prfl	Doctoral	
Crookston	1	17				18
Duluth		193	13			206
Morris		11				11
Twin Cities		1,371	241	67	31	1,710
Total	1	1,592	254	67	31	1,945

Source: University of Minnesota

Outcomes

The statutory purpose of tuition reciprocity is the mutual improvement of educational advantage for the residents of Minnesota and other states or provinces with which agreements are made. The purpose of tuition reciprocity has remained the same since Minnesota first entered into a tuition reciprocity agreement in 1968.⁸ Persistent growth in tuition reciprocity enrollment among Minnesotans demonstrates they have found tuition reciprocity to be to their educational advantage.

Incidental to the statutory purpose of tuition reciprocity, research and census data suggest Minnesota's tuition reciprocity agreements have been beneficial for the state, as well. In Fiscal Year 2011, for example, Minnesota public postsecondary education institutions awarded 3,564 degrees to reciprocity students.

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

A very high percentage of reciprocity students currently live and work in Minnesota. For those with an undergraduate degree, 30-40 percent of students from Wisconsin, North Dakota, and South Dakota currently live and work in Minnesota.⁹

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

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

Zetterberg and Kellogg concluded Minnesota clearly benefits in very significant ways from the state's current reciprocity agreements.¹⁰

United States Census Bureau data corroborates Zetterberg and Kellogg's findings.

- Minnesota has led the upper Midwest in the percent of total population 25 years and over who have completed a bachelor's degree or higher since 1980.

⁸ Minnesota Statutes 136A.08, Subd 2.

⁹ Zetterberg and Kellogg, 1.

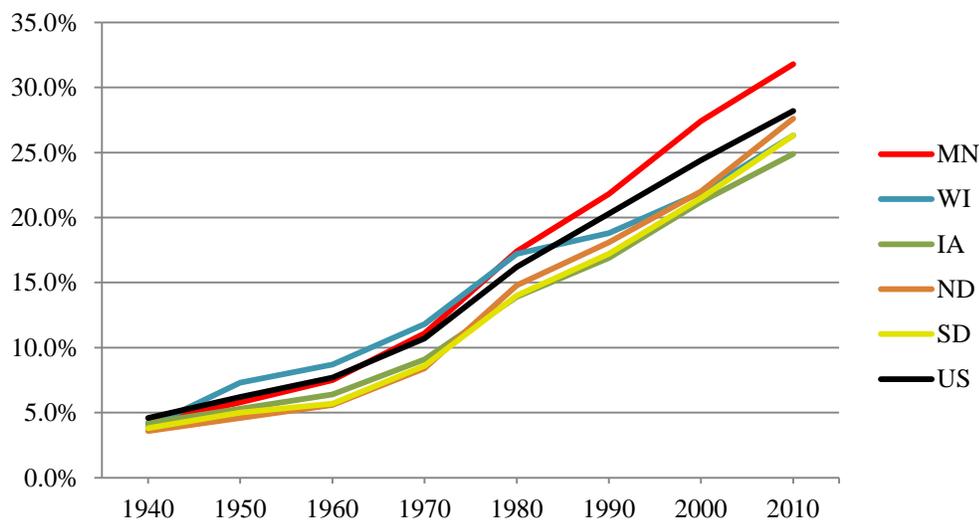
¹⁰ Zetterberg and Kellogg, 2.

- Minnesota was over four percentage points ahead of North Dakota, the upper Midwest state nearest to Minnesota in the percent of total population 25 years and over who have completed a bachelor's degree or higher in 2010.
- Minnesota was nearly four percentage points above the national average in the percent of total population 25 years and over who have completed a bachelor's degree or higher in 2010.
- Among the upper Midwest states, only Minnesota ranked above the national average in the percent of total population 25 years and over who have completed a bachelor's degree or higher in 2010.

Among upper Midwest states, Minnesota's human capital stock has fared well and has led the national average since the inception of tuition reciprocity when measured as the percent of total population 25 years and over with a bachelor's degree or higher, as shown in Table 22 and the accompanying graphic.

Table 22
Percent of Total Population 25 Years and Over with a Bachelor's Degree or Higher
Upper Midwest States and United States: 1940 to 2010

Year	MN	WI	IA	ND	SD	US
1940	4.2%	3.9%	4.2%	3.6%	3.8%	4.6%
1950	5.8%	7.3%	5.3%	4.6%	5.0%	6.2%
1960	7.5%	8.7%	6.4%	5.6%	5.7%	7.7%
1970	11.1%	11.8%	9.1%	8.4%	8.6%	10.7%
1980	17.4%	17.2%	13.9%	14.8%	14.0%	16.2%
1990	21.8%	18.8%	16.9%	18.1%	17.2%	20.3%
2000	27.4%	21.9%	21.2%	22.0%	21.5%	24.4%
2010	31.8%	26.3%	24.9%	27.6%	26.3%	28.2%



Source: U.S. Census, Decennial Census of Population, 1940 to 2000 and American Community Survey 2010.

Appendix A:

Minnesota-North Dakota Interstate Payment History

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

Each state agrees that in the event that more students from one state receive educational services in the other state than occur in the reverse situation, the state sending the larger number of students shall pay the state educating the larger number of students an amount equal to 25 percent of the resident undergraduate tuition at the University of North Dakota times the number of FTE (full-time-equivalent) students creating the difference except if the difference is less than 100 FTE students, no payment shall be required.¹¹

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

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

Minnesota representatives approached North Dakota with a proposal similar to the Minnesota-Wisconsin tuition reciprocity agreement interstate payment calculation. At the time, Minnesota and Wisconsin reciprocity students paid the resident tuition rate charged by a comparable home state institution and the states settled 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 cumbersome to administer. The North Dakota University System representatives indicated they would consider changes that, at a minimum, would preserve the revenue stream produced by the current practice of tuition with surcharges and the current method of interstate payment.

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

Minnesota resident tuition rates were and are higher than North Dakota resident tuition rates. Under the terms of the 1995 agreement, Minnesota residents enrolled in North Dakota would pay the higher Minnesota resident tuition rate charged at a comparable home state institution and North Dakota residents enrolled in Minnesota would pay the Minnesota resident tuition rate. The agreement accomplished the following: it enabled the North Dakota University System to capture 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.

¹¹ Minnesota-North Dakota Tuition Reciprocity Agreement, 1990.

The two states built upon the existing payment method and initially agreed in 1995 if the number of Minnesota residents enrolled full-time in North Dakota public institutions was the same as the number of North Dakota residents enrolled full-time in Minnesota public institutions, the states would call it even and there would be no interstate payment. If residents of one state enrolled in a greater number in the other's public institutions, then the state enrolling the greater number would receive a payment from the other state based on the greater number of students. For example, if 500 more Minnesota residents enrolled full-time in North Dakota public institutions than North Dakota residents enrolled full-time in Minnesota, then Minnesota would owe North Dakota the marginal instructional costs minus student paid tuition for the 500 Minnesota residents enrolled full-time in North Dakota. The proposed payment calculation introduced the idea of basing the payment on marginal instructional costs rather than “. . . an amount equal to 25 percent of the resident undergraduate tuition at the University of North Dakota times the number of FTE students.”¹²

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.¹³ Projections of the revenue stream to North Dakota based on the new marginal instructional cost payment calculation resulted in more revenue to North Dakota than the revenue stream produced by having students pay the resident tuition rate plus a 25 percent surcharge plus the results of the non-marginal instructional cost payment calculation.

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

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

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

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

¹² Minnesota-North Dakota Tuition Reciprocity Agreement, 1990.

¹³ There have been between 1.1 and 1.5 Minnesota residents enrolled in North Dakota public institutions for every 1.0 North Dakota resident enrolled in Minnesota public institutions. Minnesotans involved in the discussions with North Dakota in the mid-1990s could not foresee a time when there would be more North Dakota residents enrolled in Minnesota public institutions than Minnesota residents enrolled in North Dakota public institutions. Minnesota's population at roughly five million versus North Dakota's population under 700,000 suggested Minnesota would likely have an ongoing interstate payment to North Dakota.