

Background

SUMMARY

Minnesota has reciprocity agreements with four nearby states and one Canadian province. These agreements allow students to attend a public college or university outside their home state without having to pay the standard nonresident tuition rate. According to Minnesota law, state appropriations pay the same proportion of instructional costs for reciprocity students at Minnesota schools that they pay for Minnesota residents. State laws provide a general framework for the tuition reciprocity program, but most of the program details are specified in the administratively negotiated interstate agreements—including provisions regarding the tuition levels charged to reciprocity students. Unlike North Dakota and South Dakota residents, Wisconsin residents who attend Minnesota schools typically pay tuition rates less than those paid by Minnesota residents—sometimes substantially less.

Minnesota has two public higher education systems. The University of Minnesota offers baccalaureate, masters, professional, and doctorate degrees, with campuses in four locations (Twin Cities, Duluth, Crookston, and Morris). The Minnesota State Colleges and Universities (MnSCU) system offers baccalaureate and graduate programs at seven state universities, and it offers a variety of one- to two-year programs at 27 technical colleges, community colleges, and consolidated technical/community colleges.

In Fall 2002, more than 18,000 non-Minnesota residents attended University of Minnesota and MnSCU institutions under the tuition reciprocity program. Meanwhile, 22,000 Minnesotans attended schools in nearby states with which Minnesota has reciprocity agreements. In this chapter, we address the following questions:

- **What are the nature and purpose of Minnesota’s interstate tuition reciprocity program? What roles do state law and administrative agreements play in the implementation of the reciprocity program?**
- **In what ways do Minnesota state revenues pay for the tuition reciprocity program? How much did the reciprocity agreements cost Minnesota taxpayers in fiscal year 2002?**

- **Do Minnesota's reciprocity agreements with Wisconsin, North Dakota, and South Dakota have consistent policies regarding the tuition rates charged to participants? How do the tuition rates paid by reciprocity students at Minnesota institutions compare with the rates paid by Minnesota residents at these institutions?**

PROGRAM SCOPE AND PURPOSE

Public colleges and universities in the U.S. often charge significantly higher tuition to persons whose residence is outside the state where the institution is located.¹ For example, a 1996 survey found that nine states had laws or policies that set nonresident tuition at a predetermined percentage above resident tuition rates (ranging from 100 to 250 percent). In some other states, laws or policies set nonresident tuition at levels that covered the full cost of a student's instruction.²

All of Minnesota's public higher education institutions have nonresident tuition rates that are well above resident rates. For example, the University of Minnesota's annual nonresident undergraduate tuition rate at the Twin Cities campus is \$17,592 in the 2003-04 school year, compared with a resident rate of \$5,962.³ Nonresident tuition rates at MnSCU campuses are typically about twice the resident rates.⁴

Not all students from other states who attend Minnesota institutions pay nonresident tuition, however. As shown in Table 1.1,

- **Minnesota has several interstate reciprocity agreements that reduce the tuition rates of certain nonresidents.**

Minnesota law authorizes (but does not require) the Minnesota Higher Education Services Office (HESO) to negotiate and administer agreements with other states or Canadian provinces. The agreements may address "subjects that include remission of nonresident tuition for designated categories of students at public post-secondary institutions."⁵

Minnesota statutes define one purpose for Minnesota's tuition reciprocity program. Specifically, the agreements "shall be for the purpose of the mutual improvement of educational advantages for residents of this state and other states

¹ For higher education purposes, a Minnesota resident is defined as someone who resided in Minnesota for at least one calendar year prior to applying for admission or a dependent student whose parent or legal guardian resided in Minnesota at the time the student applied. See *Minn. Stat.* (2002), §135A.031, subd. 2.

² Melodie E. Christal, *State Tuition and Fee Policies: 1996-97* (Denver: State Higher Education Executive Officers, March 1997), 3-4, 32-33. The study cited nine states in which nonresident tuition was set at levels equal to or greater than 100 percent of the cost of instruction for all two- and four-year institutions.

³ Both rates are for students who took at least 13 credits per semester.

⁴ For example, a resident registering for 15 credits per semester at Minnesota State University-Mankato would pay \$3,806 in tuition in 2003-04, compared with \$8,075 for a nonresident. As we discuss in Chapter 5, MnSCU has authorized some of its institutions to waive nonresident tuition rates.

⁵ *Minn. Stat.* (2002), §136A.08, subd. 2.

Public colleges and universities typically charge higher tuition to "nonresidents."

Table 1.1: Minnesota's Interstate Tuition Reciprocity Agreements

Agreement	School Year That the Agreement Started	Participation by All or a Limited Number of Public Institutions	Total Number of Participating Minnesota Residents, Fall 2002
Minnesota-Wisconsin	1968-69	All	13,209
Minnesota-North Dakota	1975-76	All	6,912
Minnesota-South Dakota	1978-79	All	1,775
Minnesota-Manitoba	1989-90	All	8
Minnesota-Iowa	1978-79	Limited	151
Midwest Student Exchange Program	1994-95	Limited	109

SOURCE: Higher Education Services Office, *Report to the Governor and 2003 Legislature* (St. Paul, January 2003), 11; participant data from HESO and Midwestern Higher Education Commission.

Reciprocity agreements are designed to improve educational opportunities for students.

or provinces with whom agreements are made.”⁶ Presumably, by improving the affordability of out-of-state higher education programs, students will have additional program options at more convenient locations. In addition, however, the tuition reciprocity program may serve other purposes. For example, a recent publication by the North Dakota University System said that the Minnesota-North Dakota reciprocity agreement (1) “eliminates the need for [a state’s] public institutions to be all things to all people,” thus foregoing the cost of starting programs not presently offered in the state, (2) allows higher education institutions to spread fixed costs over a larger student base, (3) adds diversity to the student body, and (4) attracts persons to the state who may decide to work in the state following graduation.⁷ Thus, while Minnesota law says that the reciprocity program is supposed to benefit students, policy makers may also wish to consider the program’s effects on the state’s workforce and higher education finances.

A recent survey indicated that 34 states had tuition reciprocity agreements with one or more states to provide reduced tuition for certain nonresident undergraduates at four-year institutions.⁸ Typically, however, interstate tuition reciprocity agreements are limited in scope. For instance, a Kentucky-Ohio agreement allows residents of eight counties in northern Kentucky to enroll in certain programs at the University of Cincinnati at the tuition rates charged to Ohio residents. Likewise, residents of five counties in southern Ohio can enroll in certain programs at the University of Northern Kentucky at resident tuition rates.

Minnesota’s first reciprocity agreement was also very limited in scope. When it started in 1969, the Minnesota-Wisconsin reciprocity program was only open to undergraduates who attended an institution within 40 miles of their home address. Today, however,

⁶ *Ibid.*

⁷ North Dakota University System, *Resource Guide: 2003 Legislative Session* (Bismarck, ND, December 2002), sec. 7, p. 7.1.

⁸ Christal, *State Tuition and Fee Policies: 1996-97*, 4, 34-35.

- **Unlike most states' tuition agreements, Minnesota's bilateral reciprocity agreements with Wisconsin, North Dakota, South Dakota, and Manitoba are *statewide* in scope—open to all of the jurisdictions' residents, and including nearly all academic programs at all of the jurisdictions' public higher education institutions.**

Under these agreements, *all public higher education institutions* in Wisconsin, North Dakota, South Dakota, and Manitoba charge tuition rates to Minnesotans that are less than their standard nonresident rates. In addition, all public colleges and universities in Minnesota charge tuition rates to residents of Wisconsin, North Dakota, South Dakota, and Manitoba that are below the rates typically charged to nonresidents.

Minnesota's agreements with North Dakota, South Dakota, and Manitoba apply to *all programs* offered by the jurisdictions' public higher education institutions. The only programs excluded from the Minnesota-Wisconsin agreement are dentistry, medicine, and veterinary medicine, as well as extension and distance learning courses.



Minnesota's agreements with Wisconsin, North Dakota, South Dakota, Iowa, and Manitoba reduce the tuition rates charged to nonresidents.

Minnesota has a limited reciprocity agreement with Iowa and more comprehensive agreements with other neighboring states.

In contrast, the Minnesota-Iowa agreement is very limited in scope. This agreement allows Minnesota residents to attend one northern Iowa community college (Iowa Lakes Community College) and pay tuition that is less than the nonresident rate. Meanwhile, the agreement allows residents of five counties in northern Iowa to pay less than nonresident tuition to attend Minnesota West Community and Technical College. There have been discussions about a statewide Minnesota-Iowa agreement at various times in the past, but Iowa higher education officials are not presently interested in such an agreement.⁹ As we discuss in Chapter 5, however, some other MnSCU institutions have decided to waive nonresident tuition for certain students not covered by reciprocity agreements—sometimes for the specific purpose of attracting students from Iowa.

⁹ An official with the Iowa Board of Regents told us that students coming to Iowa schools from other states outnumber Iowans who go out of state to school. Because of recent declines in state funding for Iowa higher education, he said, Iowa is not anxious to enter into an agreement that would reduce revenues from other sources, such as tuition. Robert J. Barak, deputy executive director, Iowa Board of Regents, "Re: Tuition Reciprocity," June 13, 2003 electronic mail to Joel Alter, Office of the Legislative Auditor.

Minnesota also participates in the Midwest Student Exchange Program with Kansas, Michigan, Missouri, Nebraska, and North Dakota.¹⁰ Under this program, nonresident students pay no more than 150 percent of a participating institution's resident tuition, plus any required fees. Although all of Minnesota's public colleges and universities participate in this program, some of the other states' public institutions (such as the University of Michigan and Michigan State University) do not.

STATE FUNDING

The state subsidizes nonresident reciprocity students attending Minnesota schools at the same rate it subsidizes residents.

The State of Minnesota pays for the tuition reciprocity program in two ways. First, the state pays a portion of the cost of instructing program participants from other states at Minnesota's public colleges and universities. Minnesota law requires that the state fund 67 percent of the estimated instructional costs of nonresidents who are attending a Minnesota institution under a tuition reciprocity agreement.¹¹ In fact, by law, Minnesota's higher education systems receive the same per-student instructional funding for nonresidents who are participating in the tuition reciprocity program that they receive for Minnesota *residents*.¹²

We estimated that:

- **State appropriations paid for at least \$74 million of reciprocity students' instructional costs at Minnesota institutions in fiscal year 2002.**

This estimate is based on the assumption that the per-student state appropriation for reciprocity students' instructional costs was identical to the average per-student appropriation for all students in Minnesota's public higher education systems.¹³ In fact, however, reciprocity students pay tuition rates that are lower than other nonresidents—and sometimes lower than the rates paid by Minnesota residents, as we discuss later in this chapter. Consequently, our estimate of state appropriations for reciprocity students probably understates the state's actual subsidies for this group.

¹⁰ This program is an initiative of the Midwestern Higher Education Commission, a nonprofit regional organization that encourages interstate cooperation among its ten member states. Illinois, Indiana, Ohio, and Wisconsin are also members of the commission but do not participate in the Midwest Student Exchange Program.

¹¹ *Minn. Stat.* (2002), §135A.031, subd. 2. This provision pertains to students covered by the Wisconsin, North Dakota, South Dakota, Iowa, and Manitoba agreements.

¹² The higher education systems receive smaller instructional cost subsidies for participants in the Midwest Higher Education Exchange program than they receive for students covered by bilateral reciprocity agreements. Each full-time participant in the Midwest Higher Education Exchange program is counted as one-half student for purposes of determining the amount of the instructional cost appropriations that the system shall receive.

¹³ We determined total state appropriations for instructional costs at University of Minnesota and MnSCU institutions by subtracting total tuition revenues and class fees from each institution's "fully allocated" instructional costs (direct and indirect). We computed each institution's per-student appropriations for instructional costs by dividing total appropriations by the total number of "full-year-equivalent" students (resident *and* nonresident) at the institution.

It is worth noting, however, that Minnesota taxpayers would not necessarily bear a smaller burden for higher education instructional costs if Minnesota did not participate in tuition reciprocity agreements. Thousands of Minnesotans attend non-Minnesota schools under the reciprocity program and, as we discuss in Chapter 2, these students outnumber the non-Minnesotans who attend Minnesota institutions under the program. Many of these Minnesotans might decide to attend a Minnesota institution if there was no reciprocity program to provide reduced tuition in neighboring states. If so, the “savings” from eliminating the subsidy that Minnesota provides to reciprocity students at Minnesota institutions would be offset—all or in part—by the cost of instructing more Minnesota residents at Minnesota colleges and universities. In addition, without the interstate tuition reciprocity agreements, there would likely be more persons eligible to participate in Minnesota’s State Grant Program, which provides financial assistance to Minnesota residents who attend Minnesota colleges and universities.

Minnesota's agreements with Wisconsin, North Dakota, and South Dakota provide for interstate payments.

A second type of state funding for Minnesota’s reciprocity agreements is interstate payments. Minnesota law authorizes HESO to negotiate provisions for interstate payments in the Wisconsin, North Dakota, and South Dakota agreements. These payments are intended to recognize differences in the instructional costs borne by participating states, due to differences in the states’ respective tuition rates and number of participating students.¹⁴ Although Minnesota’s net annual interstate payments have been as high as \$9 million (in fiscal year 1979),

- **Minnesota’s net interstate payments in fiscal year 2002 were about \$132,000.**

In fiscal year 2002, Minnesota made a payment to North Dakota (\$434,225) and received a payment from Wisconsin (\$302,741). There was no payment between Minnesota and South Dakota. Chapter 4 discusses interstate payments in more detail.

PROGRAM IMPLEMENTATION

According to Minnesota law, reciprocity agreements are not valid without the approval of the governing boards for the affected institutions.¹⁵ In Minnesota, the agreements negotiated by HESO must be approved by the University of Minnesota’s Board of Regents and the Minnesota State Colleges and Universities’ Board of Trustees. The Minnesota Legislature is not required to approve such agreements, and state statute says that an agreement remains valid “unless it is disapproved in law.”¹⁶

¹⁴ *Minn. Stat.* (2002), §136A.08, subd. 3 and 4.

¹⁵ *Minn. Stat.* (2002), §136A.08, subd. 6.

¹⁶ *Ibid.* The law also says that if the agreements result in financial liability to the state or governing boards “beyond enrollment funding adjustments,” they must be submitted to the Commissioner of Finance and chairs of the Minnesota House and Senate higher education finance divisions for review.

Minnesota law provides a broad framework for Minnesota’s tuition reciprocity agreements, prescribing few details about program implementation. Consequently,

- **Administrative agreements, memoranda, and informal understandings—rather than state laws—establish most of the rules that govern implementation of Minnesota’s tuition reciprocity programs.**

Using the example of the Minnesota-Wisconsin reciprocity program, Table 1.2 shows the basis for various practices related to interstate reimbursement payments. Minnesota law authorizes (but does not require) interstate payments

Table 1.2: Basis for Interstate Payment Practices in the Minnesota-Wisconsin Reciprocity Program

State laws

- Minnesota law authorizes, but does not require, interstate payments. Wisconsin law requires interstate payments between Minnesota and Wisconsin.
- The laws **provide general guidance on a formula for determining interstate payments**. “The determination of any amounts owed by either state under the agreement shall be based on an equitable formula which reflects the educational costs incurred by the two states” (Wisconsin law). “The formula shall recognize differences in tuition rates between the two states and the number of students attending institutions in each state under the agreement” (Minnesota law).

Administrative agreement

- For the purpose of calculating interstate payments, the Minnesota-Wisconsin agreement **provides a formula for computing each state’s financial obligation** under the program. (For example, Minnesota’s obligation equals credits taken by Minnesota residents in Wisconsin times “marginal costs” per credit, minus the tuition paid by the Minnesota residents at Wisconsin schools.)
- The agreement **defines marginal costs** as 64 percent of total student costs.
- The agreement **requires that the formula be calculated for each category of institutions**, but it does not specify which institutions in the two states are comparable.

Annual administrative memorandum^a

- The memo **defines the comparable categories of institutions** for purposes of determining interstate payments.
- The most recent memo says that “cost differentials [for each category of students and institutions] will be **based on actual costs** per student for the 2002-2003 academic year.”

Other

- Through an informal understanding between the agencies that administer the Minnesota-Wisconsin agreement, **actual Wisconsin instructional costs are used to determine the financial obligations of both Minnesota and Wisconsin**. For example, estimates of the cost of educating Wisconsin students at the University of Minnesota-Twin Cities campus are based on University of Wisconsin-Madison costs per credit.

^aThe annual memorandum issued jointly by the Minnesota Higher Education Services Office and the University of Wisconsin System specifies administrative details that are not addressed in the ongoing interstate reciprocity agreement between these two agencies.

State law prescribes few details about implementation of the reciprocity program.

between Minnesota and Wisconsin that reflect the number of participating students and the tuition rates they pay. Presently, Minnesota and Wisconsin operate under the terms of an agreement negotiated in 1997 between HESO and its Wisconsin counterpart. While the agreement provides a general framework for computing the interstate payments, further details are specified in annual administrative memos or through informal agreements. For example, HESO and Wisconsin officials compute interstate payments by applying Wisconsin instructional costs to both Minnesota and Wisconsin students—rather than by using actual Minnesota costs for Wisconsin students at Minnesota institutions. This practice is not dictated by state laws, the interstate agreement, or annual administrative memos developed by HESO and its Wisconsin counterpart.¹⁷

Minnesota residents who wish to receive reduced tuition under the Wisconsin agreement must submit applications to HESO, while most students applying for reciprocity under the North Dakota or South Dakota agreements apply by presenting a high school transcript to the institution they plan to attend.¹⁸ Minnesotans wishing to benefit from reduced tuition through the Manitoba, Iowa, or Midwest Student Exchange Program agreements are required to apply to the institution at which they plan to enroll.

Minnesota law authorizes HESO to negotiate agreements with reciprocity states that would allow reciprocity students to receive financial aid from their home states.¹⁹ No such provisions have been negotiated in Minnesota's reciprocity agreements, however. Thus, Minnesota residents attending school in reciprocity states are not eligible for the Minnesota State Grant Program, which provides financial assistance to students from low- and moderate-income families.²⁰

TUITION RATES PAID BY RECIPROCIDTY STUDENTS

Until 1983, reciprocity students paid the resident tuition rate at the institution they attended.

Until 1983, Minnesota's reciprocity agreements with Wisconsin, North Dakota, and South Dakota had similar provisions regarding the tuition rates paid by participants. Under these agreements, participants were charged the resident tuition rate of the out-of-state institution they attended. Typically, however, this gave Minnesota residents the option of attending an out-of-state institution at a rate that was *less* than they would pay to attend a public college or university in Minnesota. All three interstate agreements were modified in 1983, partly because of concern that the reciprocity program might encourage out-migration of Minnesota residents.

Today, as shown in Table 1.3,

¹⁷ HESO officials said that this practice has been followed since the first Minnesota-Wisconsin agreement more than 30 years ago.

¹⁸ If Minnesota residents apply to North Dakota or South Dakota institutions later than 12 months after graduating from high school, they must submit reciprocity applications to HESO. Minnesota residents applying for tuition reciprocity at Wisconsin or South Dakota technical colleges must apply directly to the colleges.

¹⁹ *Minn. Stat.* (2002), §136A.08, subd. 5.

²⁰ Residents of reciprocity states are also not eligible to receive Minnesota state grants if they attend a Minnesota institution.

- **Minnesota’s interstate agreements have varying policies regarding the tuition rates that are charged to participants.**

For example, most undergraduate students participating in the Minnesota-North Dakota and Minnesota-South Dakota reciprocity programs pay the *higher resident tuition rate* of the school they are attending or a comparable school in their home state.²¹ In contrast, most undergraduates participating in the Minnesota-Wisconsin program pay tuition based on the *resident rate at a comparable school in their home state*. Typically, however, the resident

Table 1.3: Variation in Tuition Rates That Apply to Reciprocity Students, 2003

Categories of Students	Tuition Rate
<i>Minnesota-North Dakota Agreement</i>	
North Dakota residents attending the University of Minnesota...	Pay the University of Minnesota resident tuition rate.
Other participating students...	Pay the higher of the resident tuition rates at comparable institutions in the two states. ^a
<i>Minnesota-South Dakota Agreement</i>	
South Dakota residents attending Minnesota community colleges...	Pay the Minnesota resident tuition/fee rate, plus a percentage equal to the amount above South Dakota tuition/fees that Minnesota residents pay to attend South Dakota universities.
Other participating students...	Pay the higher of the resident tuition rates at comparable institutions in the two states. ^b
<i>Minnesota-Wisconsin Agreement</i>	
Wisconsin undergraduate students at the University of Minnesota-Twin Cities ...	Pay the University of Wisconsin-Madison resident tuition rate, plus 25 percent of the difference between the Twin Cities and Madison resident tuition rates.
Other undergraduate reciprocity students...	Pay the resident tuition rate at a comparable institution in their home state.
Graduate-level reciprocity students...	Pay the higher of the resident tuition rates at comparable institutions in the two states.

^aExceptions include Minnesota residents attending Dickinson, Mayville, Valley City, and Minot State universities and professional programs at the University of North Dakota, who pay North Dakota resident tuition plus a surcharge equal to the percentage by which the Minnesota State University System resident tuition rate exceeds the University of North Dakota/North Dakota State University resident rate.

^bTuition/fees for professional students are capped at 150 percent of resident tuition/fees at the institution attended.

SOURCE: Office of the Legislative Auditor review of interstate reciprocity agreements and memoranda.

Tuition policies for reciprocity students now vary.

²¹ Unlike the Wisconsin and North Dakota agreements, the Minnesota-South Dakota agreement provides for reciprocity not only on tuition but also on fees. Under the South Dakota agreement, students pay the higher of the sum of the resident tuition rate and general fee rate of (1) the school they are attending, and (2) a comparable school in their home state.

undergraduate tuition rates at Minnesota schools are higher than the resident rates at comparable schools in reciprocity states. Table 1.4 shows this for selected institutions (and groups of institutions) in Minnesota, Wisconsin, and North Dakota. Thus, for undergraduates,

- **North Dakota and South Dakota residents who attend Minnesota schools typically pay the Minnesota resident tuition rate. In contrast, Wisconsin residents at Minnesota schools usually pay tuition rates *less than* those paid by Minnesota residents—and sometimes substantially less.**

Table 1.4: Resident Undergraduate Tuition Rates at Minnesota, Wisconsin, and North Dakota Universities, 2002-03 School Year

<u>Institutions (Grouped by Categories Used in the Reciprocity Agreements)^a</u>	<u>2002-03 Annual Resident Tuition (\$)</u>
<i>Group 1</i>	
University of Minnesota-Morris	\$6,381
University of Minnesota-Twin Cities	5,420
University of Wisconsin-Madison	3,854
<i>Group 2</i>	
University of Minnesota-Duluth	5,585
University of Wisconsin-Milwaukee	3,738
<i>Group 3</i>	
University of Minnesota-Crookston	4,500
Minnesota state universities (Bemidji, Mankato, Marshall, Moorhead, St. Cloud, St. Paul, Winona)	3,395
University of Wisconsin comprehensive universities (Eau Claire, Green Bay, LaCrosse, Oshkosh, Parkside, Platteville, River Falls, Stevens Point, Stout, Superior, Whitewater)	3,028
North Dakota State University	2,904
University of North Dakota	2,954

NOTE: The resident rates for the Minnesota state universities and Wisconsin comprehensive universities are weighted averages, based on total 2002-03 enrollment.

^aUnder the Minnesota-Wisconsin agreement, tuition rates at the "Group 1" institutions are considered comparable, and tuition rates at the "Group 2" institutions are considered comparable. Under the Minnesota-Wisconsin agreement, tuition rates at the Minnesota state universities and the University of Minnesota-Crookston are considered comparable to the rates at the University of Wisconsin comprehensive universities. Under the Minnesota-North Dakota agreement, tuition rates at North Dakota State University and the University of North Dakota are considered comparable to the rates at the Minnesota state universities. Rates for other North Dakota universities are not shown here but ranged from \$1,782 to \$2,384.

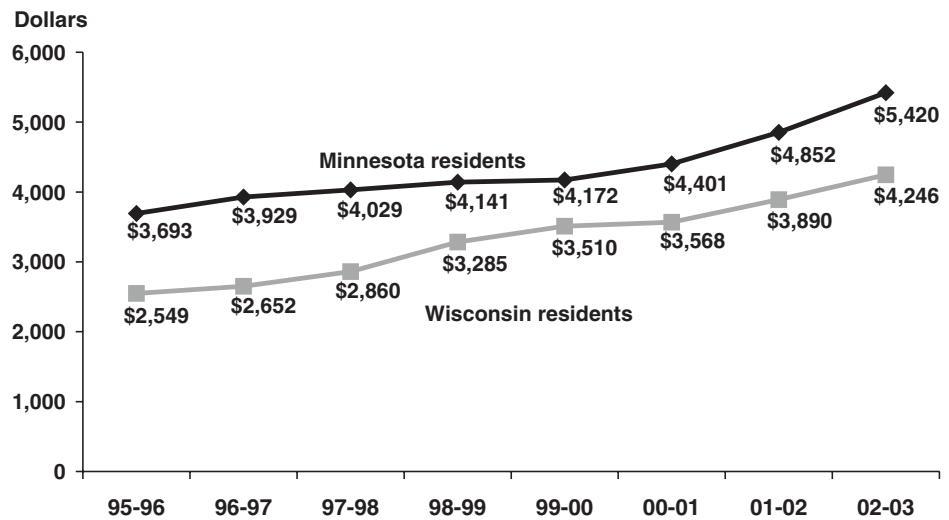
SOURCE: Office of the Legislative Auditor analysis of information from the Minnesota Higher Education Services Office.

Resident tuition rates at Minnesota schools are typically higher than the rates at comparable schools in reciprocity states.

The present Minnesota-Wisconsin agreement (which took effect in 1998) imposes a surcharge on undergraduate Wisconsin residents attending the University of Minnesota’s Twin Cities campus.²² Even with the surcharge, however, Minnesota residents at this campus still paid tuition that was \$1,174 higher (28 percent) than that paid by Wisconsin residents during 2002-03. The gap between the tuition paid by Minnesota and Wisconsin residents at this campus narrowed after the surcharge was first imposed but has subsequently widened (see Figure 1.1).

Figure 1.1: Annual Undergraduate Tuition Rates For Minnesota and Wisconsin Residents at the University of Minnesota-Twin Cities, 1995-96 - 2002-03 School Years

Minnesotans paid 28 percent more than Wisconsin residents to attend the University of Minnesota's Twin Cities campus in 2002-03.



SOURCE: Minnesota Higher Education Services Office.

The gap between the tuition paid by Wisconsin and Minnesota students at the University of Minnesota-Duluth is even larger than the gap at the Twin Cities campus. At the Duluth campus, Minnesota residents paid tuition that was \$1,847 higher (49 percent) than that paid by Wisconsin residents in 2002-03. Table 1.5 shows that there were also large tuition gaps between Wisconsin and Minnesota students at the University of Minnesota’s other two campuses, although there were relatively few Wisconsin reciprocity students at these locations. At Minnesota’s seven state universities, Minnesota residents typically paid about \$400 more (14 percent) than Wisconsin residents. At two-year community colleges and “consolidated” colleges,²³ Wisconsin residents paid a higher rate than Minnesota residents at about half of the schools.

²² The surcharge equals 25 percent of the difference between the resident rates of the University of Minnesota-Twin Cities and the University of Wisconsin-Madison. The surcharge does not apply to the other University of Minnesota campuses.

²³ Consolidated colleges are those campuses where a community college and a technical college have merged.

Table 1.5: Difference Between Undergraduate Tuition Rates Paid by Minnesota and Wisconsin Residents at Minnesota Institutions, 2002-03

Institution (or Group of Institutions)	Fall 2002 Wisconsin Undergraduate Students Enrolled	How Much More Did Minnesota Residents Pay In Annual Tuition, Compared With Wisconsin Residents? ^a	
		Dollars	Percentage
University of Minnesota-Twin Cities	4,772	\$1,174	27.7%
University of Minnesota-Duluth	707	1,847	49.4
University of Minnesota-Morris	36	2,527	65.6
University of Minnesota-Crookston	22	1,472	48.6
Minnesota state universities	3,059	424	14.0
Minnesota community and consolidated colleges	1,249	-85	-3.1

NOTE: The tuition gap for Minnesota state universities and Minnesota community/consolidated colleges was computed by weighting the tuition gap at each institution by the number of credits taken at that institution by Wisconsin reciprocity students in Fall 2002.

^aNegative numbers indicate that Wisconsin residents paid more than Minnesota residents.

SOURCE: Office of the Legislative Auditor analysis of data from the Minnesota Higher Education Services Office.

Some legislators have questioned the fairness of the tuition policies in the Minnesota-Wisconsin reciprocity agreement.

The fact that Wisconsin residents pay less than Minnesota residents to attend many Minnesota institutions has led some legislators to question the fairness of the Minnesota-Wisconsin tuition reciprocity agreement. In Chapter 4, we discuss the fiscal impact of increasing the tuition that Minnesota institutions charge Wisconsin residents.

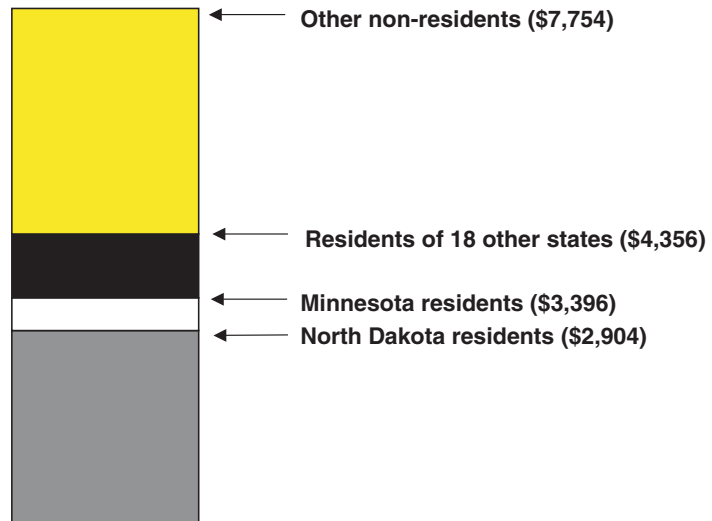
North Dakota and South Dakota residents who attend Minnesota institutions usually pay tuition equal to that paid by Minnesotans at these institutions. In contrast,

- **Minnesota residents typically pay higher tuition at South Dakota and North Dakota schools than residents of these states pay at the schools.**

Under the North Dakota and South Dakota agreements, reciprocity students from Minnesota pay the higher of the resident tuition rates at the out-of-state institution and a comparable Minnesota institution. As noted earlier, the resident tuition rates at Minnesota institutions are usually higher than the rates in North Dakota and South Dakota. But, although Minnesota residents usually pay more at North Dakota and South Dakota institutions than do residents of these states, Minnesota students still pay substantially less than the standard nonresident tuition rates at

institutions in reciprocity states. For example, as shown in Figure 1.2, Minnesota reciprocity students at North Dakota State University paid annual tuition of \$3,396 in 2002-03, while other non-residents paid tuition ranging from \$4,356 to \$7,754.

Figure 1.2: North Dakota State University Tuition Rates, 2002-03



SOURCE: North Dakota State University admissions office; http://www.ndsu.edu/ndsu/prospective_students/cost; accessed May 7, 2003.