

January 14, 2006



Update: Tuition Reciprocity Between Minnesota and South Dakota and Wisconsin



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About the Minnesota Office of Higher Education

The Minnesota Office of Higher Education is a cabinet-level state agency providing students with financial aid programs and information to help them gain access to post-secondary education. The agency serves as the state's clearinghouse for data, research and analysis on post-secondary enrollment, financial aid, finance and trends.

The Minnesota State Grant Program, which is administered by the agency, is a need-based tuition assistance program for Minnesota students. The agency oversees tuition reciprocity programs, a student loan program, Minnesota's 529 College Savings Program, licensing and an early awareness outreach initiative for youth. Through collaboration with systems and institutions, the agency assists in the development of the state's education technology infrastructure and shared library resources.

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Executive Summary

Introduction: In 2005, the Minnesota Legislature instructed the Minnesota Office of Higher Education to examine reinstating payments in the Minnesota-South Dakota tuition reciprocity program and reducing the difference in tuition payments made by Minnesota resident undergraduates and Wisconsin resident undergraduates attending the University of Minnesota under the Minnesota-Wisconsin tuition reciprocity agreement. [Chapter 107, section 56, subdivisions 1 and 2]

The following report was prepared to meet the requirements of the 2005 legislation. Examination of reinstating payments in the Minnesota-South Dakota tuition reciprocity program is presented first. A section on reducing the difference in tuition payments made by Minnesota resident undergraduates and Wisconsin resident undergraduates attending Minnesota public institutions follows. The attachments provide information on South Dakota's legal interpretation of the reciprocity agreement and law concerning an interstate payment, Minnesota and South Dakota tuition rates, Minnesota and Wisconsin tuition rates and projection results of implementing resident tuition rates or a 50 percent surcharge or a 100 percent surcharge in the Minnesota-Wisconsin tuition reciprocity agreement. (These changes would have a negative projected impact on Minnesota's General Fund as illustrated in attachment E.)

Wisconsin: In general, Minnesota and Wisconsin residents participating in tuition reciprocity pay tuition at a rate they would pay at a comparable home state institution. The 2005 Minnesota Legislature instructed the Minnesota Office of Higher Education to commence negotiations with the state of Wisconsin on the tuition reciprocity agreement. Specifically, the negotiations are to include the issue of the difference in tuition paid by Wisconsin residents and Minnesota residents at campuses of the University of Minnesota, with a goal of reducing or eliminating the difference. The Legislature did not mandate the inclusion of any particular term in the Minnesota-Wisconsin tuition reciprocity agreement. The state of Wisconsin has not rejected eliminating the difference in tuition rates, but is not prepared to do so at this time. Discussion between the agency and the Wisconsin Higher Education Aids Board are continuing.

South Dakota: Minnesota and South Dakota agreed to end tuition reciprocity interstate payments beginning in the 1987–1988 academic year. The 2005 Minnesota Legislature instructed the Minnesota Office of Higher Education to examine the advantages and disadvantages of reactivating an interstate payment in the Minnesota-South Dakota tuition reciprocity agreement while maintaining tuition reciprocity. The advantage of an interstate payment is that neither state to the reciprocity agreement is burdened with the financial responsibility of educating residents of the other state. The disadvantage of insisting on an interstate payment in the agreement is the risk of South Dakota terminating the agreement. The Minnesota Office of Higher Education is in discussion with the South Dakota Board of Regents regarding reactivating an interstate payment in the Minnesota-South Dakota tuition reciprocity agreement. The Executive Director of the South Dakota Board of Regents has voiced his state's opposition to a payment calculation. Discussions between the agency and the South Dakota Board of Regents are continuing.

Minnesota-South Dakota Tuition Reciprocity

2005 Legislation

Chapter 107 enacted in the 2005 session of the Minnesota Legislature included the following instructions to the Minnesota Office of Higher Education.

The Higher Education Services Office must examine reinstating payments in the Minnesota-South Dakota reciprocity program while maintaining the tuition reciprocity agreement. The office must examine the advantages and disadvantages of computing interstate payments under the reciprocity agreement and the impact of payments on participating students, institutions, and the general fund of the two states. The office must report on the impacts of reinstating reciprocity payments to the committees of the legislature with responsibility for higher education by January 15, 2006.

Background

The state of Minnesota first entered into a tuition reciprocity agreement with the state of South Dakota for academic year 1978. The terms of the agreement required each state's public post-secondary education institutions to remove non-resident admissions barriers for residents of the participating states. In addition, the agreement required residents from the participating states to pay the resident tuition and fees at the institution attended. In turn, each state was required to make an interstate reciprocity payment to the other state calculated as the difference between the resident and non-resident tuition and fees for each reciprocity student enrolled in the other's state.

The initial Minnesota-South Dakota tuition reciprocity agreement had two shortcomings. First, the initial agreement provided a price incentive for a Minnesotan who was considering attending comparable South Dakota and Minnesota institutions. A reciprocity student, under the initial agreement, was required to pay the resident tuition and fees charged at the institution attended. South Dakota resident tuition and fees were less than Minnesota resident tuition and fees at comparable institutions. A Minnesotan considering comparable Minnesota and South Dakota public institutions would pay less by choosing to attend a South Dakota institution. Second, the initial agreement effectively required each state cover the instructional costs of their residents enrolled in the other state by having each state pay the difference between resident and non-resident tuition and fees prices. For example, Minnesota would owe South Dakota for the difference between the South Dakota resident and nonresident tuition and fees for each full-time-equivalent Minnesota resident enrolled in a South Dakota public institution. Similarly, South Dakota would owe Minnesota the difference between the Minnesota resident and nonresident tuition and fees for each full-time-equivalent South Dakota resident enrolled in a Minnesota public institution.

The interstate payment in the agreement was premised on non-resident tuition and fees equaling instructional costs. A student paid the resident tuition and fee rate at the institution attended and the student's home state general fund paid the difference between the resident and non-resident tuition and fee rate. This practice presumably covered all instructional costs. However, the initial Minnesota-South Dakota interstate payment calculation overstated each state's general fund obligation when compared to a marginal instructional costs approach, as is used in Minnesota's agreements with North Dakota and Wisconsin.

South Dakota Board of Regents staff initiated the proposal to end tuition reciprocity interstate payments. The state of Minnesota agreed. The Minnesota-South Dakota Administrative Memo of Understanding for 1987-88 specifically stated there will be no reimbursement from one state to the other. The Administrative Memo was signed on August 26, 1987. Minnesota's public system governing boards and leaders of Minnesota's higher education legislative committees supported the decision as a way to preserve the agreement. However, a resident-non-resident tuition differential provision for a payment calculation remained in the agreement.

For academic year 1996-97, Minnesota and South Dakota ended the price incentive for Minnesota residents to attend in South Dakota by agreeing that a student should pay the higher of the two state tuition and fee rates at the institution attended. Today, a Minnesota resident undergraduate student attending South Dakota State University - Brookings, for example, pays the tuition and fees he or she would have paid at a comparable Minnesota State College and Universities institution. A South Dakota resident attending Minnesota State University-Mankato, for example, pays the Minnesota State University-Mankato resident tuition and fees which are higher than the resident tuition and fees at a comparable South Dakota institution.

Advantages of Interstate Payments

An interstate payment calculation has the advantage of assigning some or all of the instructional costs associated with educating a reciprocity student to the student and to the student's home state general fund. A student pays a portion of the recognized cost of their education through tuition and fees. The general fund of a student's state of residence pays for a portion of the recognized cost of his or her education through an interstate payment calculation.

The payment calculation in the Minnesota-South Dakota agreement presumed each student in a classroom cost the same to educate. In contrast, Minnesota's payment calculations with Wisconsin and North Dakota are based on the marginal instructional costs of educating reciprocity students. Marginal costs are what it costs to add one student to an existing classroom of students. Higher education marginal instructional costs are considered to be 64 percent of instructional costs. 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.

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

The advantage of an interstate payment is that neither state to the reciprocity agreement is burdened with the financial responsibility of educating residents of the other state.

Disadvantages of Interstate Payments

Interstate payment calculations do require intensive cost and tuition data collection on the part of public post-secondary education institutions and public agencies in each state. The advantages of an interstate payment generally outweigh the disadvantages when there are no extenuating circumstances

Minnesota and South Dakota do not calculate an interstate tuition reciprocity payment because the South Dakota Board of Regents refuses to calculate a payment, even though provisions for a payment are in the agreement. In particular, the South Dakota Board of Regents, through a legal opinion, holds that neither the agreement nor South Dakota law requires an interstate payment (see Attachment A).

Today, South Dakota public institutions charge resident tuition and fees that are less than comparable Minnesota institutions. For example, resident undergraduate tuition and fees at South Dakota State University – Brookings are \$4,732 for academic year 2005-2006. The comparable Minnesota State College and Universities undergraduate tuition and fees are \$6,103 (see Attachment B for academic year 2005-2006 tuition and fee rates used in the Minnesota-South Dakota tuition reciprocity agreement).

The South Dakota Board of Regents could choose to eliminate non-resident tuition to residents of Minnesota attending in South Dakota, if the Minnesota-South Dakota tuition reciprocity agreement were to be terminated. Minnesota residents, would, as with the initial Minnesota-South Dakota tuition reciprocity agreement, have a financial incentive to leave Minnesota for post-secondary education and Minnesota public institutions would be at a competitive price disadvantage with South Dakota public institutions.

Would the South Dakota Board of Regents choose to eliminate non-resident tuition for Minnesota residents if the Minnesota-South Dakota tuition reciprocity agreement were eliminated? It would be speculation to answer the question, but South Dakota may be in a position to consider eliminating non-resident tuition and pricing South Dakota public post-secondary education less than similar education in Minnesota.

The South Dakota public post-secondary education institutions attended by most Minnesota residents are close to the Minnesota-South Dakota border. South Dakota State University – Brookings is located 20 miles from Minnesota's western border and accounted for 80 percent of resident Minnesota tuition reciprocity students enrolled in South Dakota in fall 2005. It is South Dakota's land grant university and offers a wide range of agricultural and engineering programs. In the fall of 2005, nearly 1,600 Minnesotans were enrolled at South Dakota State University – Brookings.

Minnesota's population of over 5.1 million compared with South Dakota's population of 771,000 makes Minnesota an attractive, if not essential, market for South Dakota public institutions. South Dakota public institutions are geographically and demographically in a position to consider price as an incentive to attract Minnesota residents in the event of the termination of the Minnesota-South Dakota tuition reciprocity agreement.

Maintaining the Minnesota-South Dakota agreement without an interstate payment, at a minimum, protects the interests of Minnesota public institutions and avoids forcing the tuition and fee hand of the South Dakota Board of Regents. If Minnesota were to insist on reactivating an interstate payment, it risks South Dakota terminating the agreement and attracting Minnesota residents with prices lower than comparable Minnesota institutions.

Would South Dakota Owe Minnesota?

No. The question of whether South Dakota would owe Minnesota an interstate tuition reciprocity payment if one were reactivated remains relevant. The Minnesota Office of Higher Education monitors the agreement to determine if one state or the other is bearing an indefensible share of costs of instructing reciprocity students. In fall 2004, there were 2,152 South Dakota residents enrolled in Minnesota public post-secondary institutions and 2,003 Minnesota residents enrolled in South Dakota public post-secondary institutions. A total of 149 more South Dakota residents were enrolled in Minnesota than Minnesota residents were enrolled in South Dakota in fall 2004. It is incorrect to assume that just because more South Dakota residents enroll in Minnesota public institutions than Minnesota residents enroll in South Dakota public institutions, that South Dakota owes Minnesota a payment.

Today, more Minnesota residents are enrolled in North Dakota public institutions than North Dakota residents are enrolled in Minnesota public institutions and Minnesota does not make a payment to North Dakota. Why? The reason Minnesota does not make a payment to North Dakota is because the student-paid tuition, as calculated in the North Dakota agreement, pays for the marginal instructional costs of the greater number of Minnesota residents enrolled in North Dakota.

Similarly, more Minnesota residents are enrolled in Wisconsin public institutions than Wisconsin residents are enrolled in Minnesota public institutions and Wisconsin makes an interstate payment to Minnesota. Why? The reason Wisconsin makes a payment to Minnesota, even though there are more Minnesota residents enrolled in Wisconsin, is because the tuition paid by Minnesota residents enrolled in Wisconsin covers a much larger share of marginal instructional costs than the share of marginal instructional costs covered by Wisconsin residents enrolled in Minnesota.

Tuition is increasingly covering a larger share of marginal instructional costs in both the North Dakota and the Wisconsin tuition reciprocity agreements. From academic year 2001 -2002 to 2004-2005 the share of marginal instructional costs covered by tuition paid by Minnesota residents in the Minnesota-Wisconsin tuition reciprocity agreement increased from 69 percent to 91 percent, a 22 percentage point increase. Over the same period, the Minnesota general fund share of marginal instructional costs in the Minnesota-Wisconsin agreement decreased from 31 percent to 9 percent, a 22 percentage point decrease. In 2004-2005, Minnesota resident undergraduates enrolled at the University of Wisconsin – Madison, paying University of Minnesota-Twin Cities tuition rates, paid tuition in excess of the marginal instructional costs associated with their education. As tuition increases faster than instructional costs, tuition covers an increasing share of the instructional cost of educating tuition reciprocity students.

Minnesota Office of Higher Education projections show tuition and fees covering an increasing share of the marginal instructional costs associated with educating Minnesota-South Dakota tuition reciprocity students. Had a marginal instructional cost interstate payment between Minnesota and South Dakota been required for academic year 2004-2005, South Dakota would not have owed Minnesota an interstate payment even though more South Dakota residents were enrolled in Minnesota than Minnesota residents were enrolled in South Dakota. Why? South Dakota students enrolled in Minnesota paid more in tuition than the projected marginal instructional costs associated with their education.

South Dakota is projected to not owe Minnesota a tuition reciprocity payment. The projection results reflect the increasing role of student paid tuition in covering marginal instructional costs. South Dakota is not projected to owe Minnesota a tuition reciprocity payment in the near future, so long as there are not significant shifts in enrollment or instructional costs.

Current Status of Talks with South Dakota

The South Dakota Board of Regents is not interested in making changes to the Minnesota-South Dakota tuition reciprocity agreement. The Minnesota Office of Higher Education continues to maintain dialogue with the South Dakota Board of Regents regarding changes to the Minnesota-South Dakota tuition reciprocity agreement. Several telephone conference calls have occurred furthering the state-to-state conversation. Recently, agency staff met in St. Paul with the executive director of the South Dakota Board of Regents to discuss tuition reciprocity issues. The director restated his state's opposition to a payment calculation and to removing professional programs from the agreement.

Reactivating an interstate payment remains an option. Removing the interstate payment language from the reciprocity agreement to reflect current reality, as set forth by the 1987 Administrative Memorandum is under consideration. The Office is also in discussions with the South Dakota Board of Regents on eliminating professional programs from the agreement as has been requested by the University of Minnesota.

Minnesota-Wisconsin Tuition Reciprocity

2005 Legislation

Chapter 107 enacted in the 2005 session of the Minnesota Legislature included the following instructions to the Minnesota Office of Higher Education.

The Higher Education Services Office must, as soon as possible, commence negotiations with the state of Wisconsin on the tuition reciprocity agreement. The negotiations must include the issue of the disparity between tuition paid by Wisconsin residents and Minnesota residents at campuses of the University of Minnesota with a goal of reducing or eliminating the disparity. This section does not mandate the inclusion of any particular term in a tuition reciprocity agreement.

Background

The state of Minnesota first entered into a tuition reciprocity agreement with the state of Wisconsin for academic year 1965. The agreement required both states to remove non-resident admissions barriers at public post-secondary education institutions and charge reciprocity students the resident tuition rate at the institution attended. Throughout the 1970s the agreement evolved to include all public institutions and nearly all programs of study in the respective states. In addition, the two states agreed to a marginal instructional cost approach for compensating each state for the marginal instructional costs incurred through reciprocity and not paid for by student tuition. Marginal costs are what it costs to add one student to an existing classroom of students. Higher education marginal instructional costs are considered to be 64 percent of fully allocated instructional costs. 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.

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

The formula is computed for Wisconsin residents enrolled in Minnesota and Minnesota residents enrolled in Wisconsin. The two state general fund obligations are compared and the state with the greater state general fund obligation pays the other state the difference between the two figures. All else being equal, increasing student paid tuition decreases state general fund obligations and decreasing student paid tuition increases state general fund obligations.

The following table provides greater detail for the 2004-2005 Minnesota-Wisconsin tuition reciprocity payment calculation.

Table 1
Minnesota/Wisconsin Tuition Reciprocity: 2004-2005

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	33,615	\$149.38	\$5,021,408.70	\$4,591,532.24	\$429,876.46
MnSCU Four-Year & UM Crookston UG	95,402	\$175.83	\$16,774,445.75	\$13,251,942.30	\$3,522,503.45
UM - Duluth UG	23,664	\$187.36	\$4,433,687.04	\$4,179,660.28	\$254,026.76
UM Twin Cities & Morris UG	151,697	\$214.62	\$32,557,210.14	\$28,628,151.76	\$3,929,058.38
MnSCU Four-Year Graduate	2,860	\$401.47	\$1,148,003.47	\$654,914.94	\$493,088.53
UM - Duluth Graduate	1,259	\$693.75	\$873,431.25	\$508,404.02	\$365,027.23
UM - Twin Cities Graduate	12,471	\$761.48	\$9,496,417.08	\$5,163,397.21	\$4,333,019.87
Totals	320,967.00		\$70,304,603.42	\$56,978,002.75	\$13,326,600.67
Share of Marginal Instructional Costs				81%	19%
Minnesota's Obligation to Wisconsin					
Institution/ Type Study	Number of Credits	Marginal Instructional Costs	Gross State Obligation	Student Tuition Paid	Net State Obligation
UW Centers	669.00	\$149.38	\$99,935.22	\$85,601.89	\$14,333.33
UW Comprehensive UG	265,961.00	\$175.83	\$46,763,922.63	\$41,324,305.41	\$5,439,617.22
UW Milwaukee UG	6,968.00	\$187.36	\$1,305,524.48	\$1,610,947.58	(\$305,423.10)
UW Madison UG	81,820.00	\$214.62	\$17,560,208.40	\$18,736,333.27	(\$1,176,124.87)
UW Comprehensive Graduate	9,647.00	\$175.83	\$3,872,981.09	\$2,472,144.19	\$1,400,836.90
UW Milwaukee Graduate	925.00	\$693.75	\$641,718.75	\$393,611.94	\$248,106.81
UW Madison Graduate	3,483.00	\$761.48	\$2,652,234.84	\$1,461,739.36	\$1,190,495.48
Totals	369,473.00		\$72,896,525.41	\$66,084,683.64	\$6,811,841.77
Share of Marginal Instructional Costs				91%	9%
Difference = Wisconsin Payment to Minnesota					6,514,758.90

As shown in Table 1, Wisconsin's gross obligation to Minnesota was \$70.3 million for academic year 2004-2005. This figure was reduced by the \$57.0 million Wisconsin resident reciprocity students paid in tuition to Minnesota public institutions, leaving \$13.3 million for the Wisconsin general fund. Minnesota's gross obligation to Wisconsin was \$72.9 million. Minnesota's gross obligation to Wisconsin was reduced by the \$66.1 million Minnesota resident reciprocity students paid in tuition to Wisconsin public institutions, leaving \$6.8 million for the Minnesota general fund. Wisconsin's general fund obligation to Minnesota was \$6.5 million more than Minnesota's general fund obligation to

Wisconsin, and Wisconsin made a \$6.5 million dollar payment to the Minnesota general fund for academic year 2004-2005.

The student tuition paid, shown in Table 1, reflects current tuition practice in the Minnesota-Wisconsin tuition reciprocity agreement. Currently, undergraduate students generally pay the tuition they would have paid had they attended a comparable home state institution. For example, a Minnesota resident undergraduate attending the University of Wisconsin-Madison pays the tuition he or she would have paid at the University of Minnesota-Twin Cities.

A Wisconsin resident undergraduate attending the University of Minnesota-Twin Cities pays the tuition he or she would have paid at the University of Wisconsin-Madison, plus 25 percent of the difference between the University of Minnesota-Twin Cities tuition rate and the University of Wisconsin-Madison tuition rate. This practice of charging tuition at the rate charged by a comparable home state institution applies to reciprocity undergraduate students attending Minnesota State Colleges and Universities two and four-year campuses and University of Wisconsin Comprehensive (four-year) and Center (two-year) campuses.

As tuition rates have increased, students have increasingly paid a larger share of tuition reciprocity marginal instructional costs through tuition. Table 2 shows the increasing role of tuition in paying for tuition reciprocity over the past five years.

Table 2
Minnesota/Wisconsin Tuition Reciprocity
Who Pays for Tuition Reciprocity?
Student and State Share of Marginal Instructional Costs
2000-01 to 2004-05

Year	Minnesota		Wisconsin	
	Students	State	Students	State
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%

Minnesota and Wisconsin have experimented with different tuition rate setting practices in the tuition reciprocity agreement. Until 1983, Minnesota and Wisconsin tuition reciprocity students paid the resident tuition rate at the institution attended.

Minnesota interests found paying tuition at the resident rate at the institution attended had two shortcomings. First, Minnesota residents could attend Wisconsin public institutions for a tuition price less than a comparable Minnesota public institution. There was a price incentive for Minnesota residents to leave Minnesota for post-secondary education and a price disincentive for Wisconsin residents to choose Minnesota public institutions. Second, the practice of charging Minnesota tuition reciprocity students the tuition charged at the institution attended resulted in shifting a greater share of the marginal instructional cost responsibility on to the Minnesota general fund than the Minnesota general fund was paying for Minnesota residents attending Minnesota public institutions.

A recent projection by Minnesota Office of Higher Education staff showed that returning to setting tuition at the resident rate charged at the institution attended would have resulted in a shift in payment from Wisconsin paying Minnesota \$6.2 million for academic year 2003-2004 to Minnesota having to pay Wisconsin \$11.2 million (see: Attachment C).

In 1983, Minnesota and Wisconsin agreed that reciprocity students should pay the tuition rate charged at a comparable home state institution. This practice was seen as addressing the two shortcomings of having reciprocity students pay the resident tuition rate at the institution attended. In 1998, the practice was altered by agreement to have graduate and professional students pay the higher of the two-state tuition rates at comparable institutions and have Wisconsin undergraduate students attending the University of Minnesota-Twin Cities pay the University of Wisconsin-Madison undergraduate tuition rate plus 25 percent of the difference between the University of Wisconsin-Madison rate and the University of Minnesota-Twin Cities rate. In all other cases, tuition reciprocity undergraduate students continue to pay tuition at a rate charged by a comparable home state institution. The 1998 changes to the tuition rate practice in the Minnesota – Wisconsin tuition reciprocity agreement were prompted by the University of Minnesota’s desire to have graduate and professional students pay a larger share of their cost of instruction and the state of Wisconsin wanting to reduce the state’s general fund obligation.

Today, Minnesota public post-secondary education resident tuition rates are increasing at a rate faster than Wisconsin’s. Although the difference in tuition paid and the marginal instructional costs of educating tuition reciprocity students is paid by each state’s general fund, the difference in student tuition rates paid by Wisconsin undergraduates attending in Minnesota have become a lightning rod (see Attachment D for current tuition rates). In 2003, the Minnesota Office of the Legislative Auditor recommended that:

With the assent of the University of Minnesota, HESO should negotiate the Minnesota-Wisconsin reciprocity agreement to include a tuition surcharge that would be applied identically to Wisconsin residents attending at all University of Minnesota campuses (*Office of the Legislative Auditor: Higher Education Tuition Reciprocity, September 2003: p. 60*).

The Legislative Auditor stopped short of recommending the higher of the two state resident undergraduate tuition rates in the 2003 report. The report highlighted the fact that:

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*).

Subsequent to the Auditor’s report, the University of Minnesota requested that the Minnesota Office of Higher Education negotiate a phase-in of the higher of the two-state resident undergraduate tuition rates with the state of Wisconsin. Staff of the University of Minnesota does not believe Minnesota’s higher tuition rates would dissuade Wisconsin students from attending in Minnesota. In 2005, the Minnesota Legislature asked the Office to begin the processes of attempting to reduce the difference in tuition rates paid by Wisconsin and Minnesota undergraduate students attending in Minnesota without mandating the outcome.

Current Status of Talks with Wisconsin

The Minnesota Office of Higher Education shared the Office of the Legislative Auditor's report, the University of Minnesota request, and the 2005 Minnesota legislation with the Wisconsin Higher Education Aids Board. The Wisconsin Higher Education Aids Board is the state agency responsible for tuition reciprocity in Wisconsin. In addition, the Minnesota Office of Higher Education shared tuition reciprocity payment projections implementing a full phase-in and a 50 percent phase-in of the higher of the two-state undergraduate tuition rates with the Wisconsin Higher Education Aids Board. A summary of the projections is included in Attachment E. The University of Minnesota's request, the 2005 legislation, and the office's projections have been discussed in a series of telephone conference calls with Wisconsin Higher Education Aids Board personnel.

In addition, the Minnesota Office of Higher Education has consulted with the Commissioner of the Minnesota Department of Finance regarding the Office's projections and the 2005 legislation, as is required by Minnesota Statutes 136A.08.

The Wisconsin Higher Education Aid Board has not rejected the proposal to move to the higher of the two state resident undergraduate tuition rates in the Minnesota-Wisconsin agreement. Staff of the Aids Board has been adamant that considerations of changes to the tuition practices in the agreement are to be kept confidential and that phasing-in the higher of the two-state undergraduate tuition rates could not occur, if at all, until sometime after the 2006-2007 academic year.

The Minnesota Office of Higher Education is continuing reciprocity talks with Wisconsin Higher Education Aids Board. The proposal to move to the higher of the two state tuition rates remains on the table. However, the states have not come to an agreement on whether to implement the proposal. The Wisconsin Higher Education Aids Board has expressed concern over the timing of changes to the agreement and the impact changes would have on Wisconsin residents attending in Minnesota. Nevertheless, the Wisconsin Higher Education Aids Board has said they are prepared to revisit the issue sometime in the 2006-2007 academic year.

Attachment A

South Dakota Legal Opinion on Tuition Reciprocity Payment



APR 15 2005

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OFFICE OF THE EXECUTIVE DIRECTOR

April 13, 2005

Susan Heegard
Minnesota Higher Education Services Office
1450 Energy Park Drive, Suite 350
St. Paul, MN 55108-5227

Dear Susan:

I am attaching a letter from my general counsel that addresses the issue raised by the Minnesota auditor. I hope this is helpful. Please let me know if you need additional material.

Sincerely,

A handwritten signature in black ink, appearing to read "Tad Perry".

Robert T. Tad Perry
Executive Director

Enclosure

APR 15 2005



BOARD OF REGENTS

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OFFICE OF THE EXECUTIVE DIRECTOR

April 8, 2005

Dr. Robert T. Tad Perry
South Dakota Board of Regents
306 E. Capitol Ave. Suite 200
Pierre, SD 57501

Re: Findings of the Minnesota Office of Legislative Audit.
Performance Audit Report Number 03-08, Issued September 24, 2003

Dear Dr. Perry:

It is my understanding that the Minnesota Higher Education Services Office raised an issue prompted by an erroneous finding by the Minnesota Office of Legislative Audit. The Minnesota Legislative Auditor criticized the predecessor of the Minnesota Higher Education Services Office for entering into an agreement, approved by the South Dakota Board of Regents at its August 20-21, 1987 meeting, to replace provisions of the original 1978 reciprocity agreement that had provided for payment by the net exporting state to the net importing state.

The Minnesota Legislative Auditor believes that this revision was "contrary to the requirements of South Dakota law and the original Minnesota-South Dakota agreement." Performance Audit Report Number 03-08, p. 52. The Minnesota Legislative Auditor believes that "South Dakota law requires that 'the state with the greater total credit hours of participation shall reimburse the other.'" *Id.* (quoting SDCL §13-53B-1, art. VII (B)). The Minnesota Legislative Auditor also believes that because "Minnesota serves more students and bears a disproportionate share of the costs under this agreement, it would gain financially from a reinstatement of interstate payments." *Id.*, at xii.

The Minnesota Office of Legislative Audit neglected to contact the South Dakota Board of Regents before issuing its report to discuss its interpretation of South Dakota Law. This is unfortunate, since the Minnesota Legislative Auditor's conclusion that South Dakota owes Minnesota money under the original reciprocity agreement rests on an incomplete, and unsustainable, reading of South Dakota law and the history related to the modification of the 1978 version of the reciprocity agreement.

The facts are these: In 1977, the South Dakota Legislature authorized the South Dakota Board of Regents to negotiate a reciprocity agreement with Minnesota on terms that provided "for approximately equal advantages between" South Dakota and Minnesota. SDCL § 13-53-6.2. This was done, and, in 1978, the South Dakota Legislature authorized the South Dakota Board of Regents to enter into an agreement "in substantially the form" of the agreement presented to it. SDCL § 13-53B-1. The approved form itself contemplated the ongoing

authority under SDCL § 13-53-6.2 of the South Dakota Board of Regents to negotiate the modification terms written into the document reviewed by the South Dakota Legislature, provided that the modifications were consistent with SDCL § 13-53-6.2. SDCL § 13-53B-1, art. VII.

As noted by the Minnesota Legislative Auditor, the original agreement contemplated that the state that sent more students to the other state would make a cash payment to the other state to cover any increased costs arising from the agreement. By 1986, it became evident that South Dakota would be obliged to make payments under the agreement. At the South Dakota Board of Regents' June 17-18, 1986 meeting, a representative of the South Dakota Governor's office appeared before the South Dakota Board of Regents' Committee on Budget and Finance to outline a plan that would support a request to South Dakota Legislature for an appropriation to cover the costs incurred for the 1984-85 academic year, subject to obtaining an agreement that would "cap any payments for 1985-86, and in the future." Minutes of the South Dakota Board of Regents, June 17-18, 1986, p. 938.

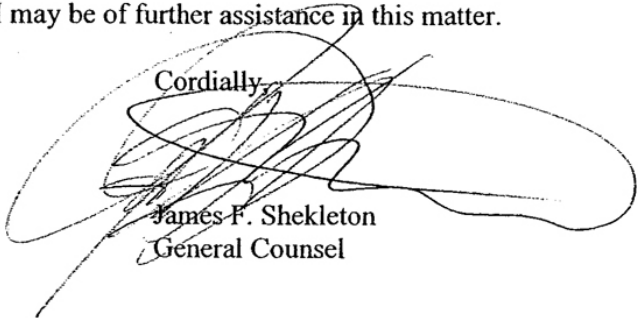
Legislation to make the necessary appropriation was introduced in the 1987 Legislature and adopted, but not without controversy. The Legislature balked at the payment and nearly directed that reciprocity be terminated. Instead, through the mechanism of a Joint Appropriations Committee Letter of Intent, the South Dakota Board of Regents was directed to investigate "the possibility of renegotiating the contract so no payment between the states is necessary." "FY 1988 Appropriations and Committee Intent," May 8, 1987, reprinted in the Minutes of the South Dakota Board of Regents, May 21-22, 1987, p. 750.

~~Neither the text of the South Dakota statutes nor the history of Legislative, Gubernatorial and South Dakota Board of Regents review of the agreement supports the conclusions that the Minnesota Legislative Auditor published in Performance Audit Report Number 03-08. Unfortunately, the Minnesota Legislative Auditor continues to propound his erroneous interpretation of the law of a foreign state and his misleading characterization of the circumstances that led to changes from the 1978 iteration of the agreement. See Minnesota Office of Legislative Audit, "Higher Education Tuition Reciprocity: February 2005 Update to the 2003 Evaluation Report" ("South Dakota has not made a payment to Minnesota in recent years, contrary to the requirements of South Dakota law and the Minnesota-South Dakota reciprocity agreement. Through annual memoranda, Minnesota's Higher Education Services Office had waived South Dakota's payments.")~~

Contrary to the position adopted by the Minnesota Legislative Auditor, the modified agreements have always been, and remain, duly authorized under South Dakota law and fully effective according to their terms.

Please advise if I may be of further assistance in this matter.

Cordially,



James F. Shekleton
General Counsel

Attachment B

Minnesota-South Dakota Tuition Reciprocity

2005-2006 Tuition Rates

**Minnesota-South Dakota Tuition Reciprocity
2005-2006 Tuition and Fees**

South Dakota Institutions	Resident	MN/SD Reciprocity	Non- Resident
Black Hills State College – Graduate	\$4,749	\$7,320	\$10,165
Black Hills State College – Undergraduate	\$4,754	\$6,103	\$9,741
Dakota State University – Graduate	\$4,812	\$7,320	\$10,228
Dakota State University – Undergraduate	\$4,832	\$6,103	\$9,819
Northern State University – Graduate	\$4,706	\$7,320	\$10,122
Northern State University – Undergraduate	\$4,700	\$6,103	\$9,687
SD School of Mines & Technology – Graduate	\$4,752	\$7,320	\$10,168
SD School of Mines & Technology - Undergraduate	\$4,757	\$6,103	\$9,744
SDSU - Brookings – Graduate	\$4,731	\$7,320	\$10,147
SDSU - Brookings – Undergraduate	\$4,732	\$6,103	\$9,719
Univ of South Dakota - Vermillion – Law	\$8,038	\$12,058	\$16,003
Univ of South Dakota - Vermillion – Graduate	\$4,809	\$7,320	\$10,225
Univ of South Dakota - Vermillion - Undergraduate	\$4,829	\$6,103	\$9,816

Source: Minnesota Office of Higher Education

**Minnesota-South Dakota Tuition Reciprocity
2005-2006 Tuition and Fees**

Minnesota Institutions	Resident	MN/SD Reciprocity	Non- Resident
Alexandria Technical College	\$3,857	\$3,857	\$7,419
Anoka Technical College	\$4,308	\$4,308	\$8,194
Anoka-Ramsey Community College	\$3,582	\$4,481	\$6,780
Bemidji State University	\$6,016	\$6,016	\$6,016
Bemidji State University – Graduate	\$7,058	\$7,058	\$7,058
Central Lakes College	\$3,940	\$4,918	\$3,940
Century College	\$3,880	\$4,858	\$7,360
Dakota County Technical College	\$4,218	\$4,218	\$7,932
Fond Du Lac Community College	\$3,975	\$4,965	\$7,950
Hennepin Technical College	\$3,707	\$3,712	\$7,856
Hibbing Community & Technical College	\$3,957	\$4,940	\$5,259
Inver Hills Community College	\$4,179	\$5,239	\$7,952
Itasca Community College	\$4,147	\$5,186	\$5,296
Lake Superior College	\$3,474	\$4,380	\$6,699
Mesabi Range College	\$4,027	\$5,038	\$4,927
Metropolitan State University	\$4,682	\$4,763	\$9,111
Metropolitan State University – Graduate	\$5,620	\$5,620	\$10,254
Minneapolis Community & Technical College	\$4,028	\$5,058	\$7,694
Minnesota State College – Southeast	\$4,055	\$4,055	\$4,055
Minnesota State Community & Technical College	\$4,179	\$5,257	\$4,179
Minnesota State University Moorhead	\$5,225	\$5,225	\$5,225
Minnesota State University Moorhead - Graduate	\$6,261	\$6,261	\$6,593
Minnesota State University, Mankato	\$5,402	\$5,402	\$10,750
Minnesota State University, Mankato – Graduate	\$6,552	\$6,552	\$10,320
Minnesota West Community & Technical College	\$4,172	\$5,247	\$4,172
Normandale Community College	\$3,975	\$4,991	\$7,588
North Hennepin Community College	\$4,070	\$5,127	\$7,271
Northland Community & Technical College	\$4,222	\$5,301	\$4,222
Northwest Technical College – Bemidji	\$4,125	\$4,125	\$4,125
Pine Technical College	\$3,726	\$3,726	\$7,026
Rainy River Community College	\$4,177	\$5,208	\$5,095
Ridgewater College	\$4,134	\$5,167	\$4,134
Riverland Community and Technical College	\$4,109	\$5,128	\$4,109
Rochester Community & Technical College	\$4,268	\$5,320	\$8,012
South Central College	\$3,818	\$3,818	\$3,818
Southwest Minnesota State University	\$5,855	\$5,855	\$5,855
Southwest Minnesota State University - Graduate	\$6,827	\$6,827	\$6,827
St. Cloud State University	\$5,330	\$5,330	\$10,902
St. Cloud State University – Graduate	\$6,386	\$6,386	\$9,666
St. Cloud Technical College	\$3,980	\$3,980	\$7,658
St. Paul College	\$3,791	\$3,791	\$7,283
U of M – Crookston	\$8,119	\$8,119	\$8,119
U of M – Duluth	\$8,914	\$8,914	\$20,021
U of M - Duluth – Graduate	\$10,479	\$10,479	\$17,579
U of M – Morris	\$9,722	\$9,722	\$9,722
U of M - Twin Cities	\$8,855	\$8,855	\$20,485
U of M - Twin Cities – Graduate	\$10,076	\$10,076	\$17,176
U of M - Twin Cities – Law	\$19,692	\$19,692	\$29,786
Vermilion Community College	\$4,188	\$5,233	\$5,117
Winona State University	\$6,673	\$6,673	\$10,619
Winona State University – Graduate	\$6,752	\$6,752	\$9,799

Source: Minnesota Office of Higher Education

Attachment C

Minnesota-Wisconsin Tuition Reciprocity

Projection Results of Implementing
Resident Tuition Rate at Institution Attended

Minnesota/Wisconsin Tuition Reciprocity

Interstate Payment Calculation: 2003-2004 – Projected With Resident Tuition Rates at Institution Attended

Minnesota's Obligation to Wisconsin

Institution/Type Study	Number of Credits	Marginal Instructional Cost per Credit	Minnesota's Gross Obligation	Student Paid Tuition	Minnesota's Net Obligation
UW Centers Total	306	\$137.68	\$42,130.08	\$36,076.31	\$6,053.78
UW Comprehensive Undergraduate Total	265,986	\$165.70	\$44,073,880.20	\$31,584,780.62	\$12,489,099.58
UW Milwaukee Undergraduate Total	6,639	\$190.10	\$1,262,073.90	\$1,010,024.46	\$252,049.44
UW Madison Undergraduate Total	82,147	\$204.08	\$16,764,559.76	\$12,322,050.00	\$4,442,509.76
UW Comprehensive Graduate Total	9,740	\$386.04	\$3,760,029.60	\$1,967,480.00	\$1,792,549.60
UW Milwaukee Graduate Total	599	\$568.95	\$340,801.05	\$168,319.00	\$172,482.05
UW Madison Graduate Total	2,952	\$758.73	\$2,239,770.96	\$861,984.00	\$1,377,786.96
Totals	368,369		\$68,483,245.55	\$47,950,714.38	\$20,532,531.17
Distribution of State Gross Obligation				70%	30%

Minnesota/Wisconsin Tuition Reciprocity

Interstate Payment Calculation: 2003-2004 – Projected With Resident Tuition Rates at Institution Attended

Wisconsin's Obligation to Minnesota

Institution/Type Study	Number of Credits	Marginal Instructional Cost per Credit	Wisconsin's Gross Obligation	Student Paid Tuition	Wisconsin's Net Obligation
MnSCU Two-Year	33,864	\$137.68	\$4,662,395.52	\$3,685,487.73	\$976,907.79
MnSCU Four-Year Undergraduate Total	97,190	\$165.70	\$16,104,383.00	\$13,128,880.34	\$2,975,502.66
U of M - Duluth Undergraduate Total	22,049	\$190.10	\$4,191,419.85	\$4,388,812.01	(\$197,392.16)
U of M - Morris & Twin Cities Undergrad Total	143,875	\$204.08	\$29,362,091.63	\$29,293,374.90	\$68,716.73
MnSCU Four-Year Graduate Total	2,977	\$386.04	\$1,149,241.08	\$599,887.00	\$549,354.08
U of M - Duluth Graduate Total	754	\$568.95	\$428,988.30	\$275,302.77	\$153,685.53
U of M - Twin Cities Graduate Total	12,320	\$758.73	\$9,347,174.24	\$4,598,753.67	\$4,748,420.57
Totals	313,028		\$65,245,693.62	\$55,970,498.42	\$9,275,195.20
Distribution of State Gross Obligation				86%	14%

Difference In Net State Obligations (\$11,257,335.97)

Attachment D

Minnesota-Wisconsin Tuition Reciprocity

2005-2006 Tuition Rates

**Minnesota-Wisconsin Tuition Reciprocity
2005-2006 Tuition**

Wisconsin Institutions	Resident	MN/WI Reciprocity	Non-Resident
University of WI - Baraboo/Sauk	\$3,977	\$3,576	\$12,362
University of WI - Barron/Rice Lake	\$3,977	\$3,576	\$12,677
University of WI - Eau Claire - Graduate	\$5,619	\$5,823	\$16,229
University of WI - Eau Claire - Undergraduate	\$4,414	\$4,780	\$14,459
University of WI - Fond du Lac	\$3,977	\$3,576	\$12,677
University of WI - Fox Valley	\$3,977	\$3,576	\$12,677
University of WI - Green Bay – Graduate	\$5,619	\$5,823	\$16,229
University of WI - Green Bay – Undergraduate	\$4,277	\$4,780	\$14,323
University of WI - LaCrosse – Graduate	\$5,673	\$5,823	\$16,283
University of WI - LaCrosse – Undergraduate	\$4,331	\$4,780	\$14,377
University of WI - Madison – Graduate	\$8,072	\$8,748	\$23,342
University of WI - Madison – Law	\$10,992	\$16,940	\$28,204
University of WI - Madison – Undergraduate	\$5,618	\$7,140	\$19,618
University of WI – Manitowoc	\$3,977	\$3,576	\$12,677
University of WI – Marathon	\$3,977	\$3,576	\$12,677
University of WI – Marinette	\$3,977	\$3,576	\$12,677
University of WI - Marshfield-Wood	\$3,977	\$3,576	\$12,677
University of WI - Milwaukee – Graduate	\$7,790	\$8,748	\$22,156
University of WI - Milwaukee – Undergraduate	\$5,494	\$7,157	\$18,246
University of WI - Oshkosh – Graduate	\$5,619	\$5,823	\$16,229
University of WI - Oshkosh – Undergraduate	\$4,387	\$4,780	\$14,433
University of WI - Parkside – Graduate	\$5,619	\$5,823	\$16,229
University of WI - Parkside – Undergraduate	\$4,277	\$4,780	\$14,323
University of WI - Platteville – Graduate	\$5,619	\$5,823	\$16,229
University of WI - Platteville – Undergraduate	\$4,277	\$4,780	\$14,323
University of WI - Richland	\$3,932	\$3,576	\$12,677
University of WI - River Falls – Graduate	\$5,619	\$5,823	\$16,229
University of WI - River Falls – Undergraduate	\$4,277	\$4,780	\$14,323
University of WI - Rock Cty	\$3,977	\$3,576	\$12,677
University of WI – Sheboygan	\$3,977	\$3,576	\$12,677
University of WI - Stevens Point – Graduate	\$5,619	\$5,823	\$16,229
University of WI - Stevens Point - Undergraduate	\$4,277	\$4,780	\$14,323
University of WI - Stout – Undergraduate	\$4,744	\$4,780	\$15,078
University of WI - Stout – Graduate	\$5,900	\$5,900	\$17,041
University of WI - Superior – Graduate	\$5,619	\$5,823	\$16,229
University of WI - Superior – Undergraduate	\$4,427	\$4,780	\$14,473
University of WI – Washington	\$3,977	\$3,576	\$12,677
University of WI - Waukesha Cty	\$3,977	\$3,576	\$12,677
University of WI - Whitewater – Graduate	\$5,619	\$5,823	\$16,229
University of WI - Whitewater – Undergraduate	\$4,427	\$4,780	\$14,824

Source: Minnesota Office of Higher Education

**Minnesota-Wisconsin Tuition Reciprocity
2005-2006 Tuition**

Minnesota Institutions	Resident	MN/WI Reciprocity	Non-Resident
Alexandria Technical College	\$3,563	\$3,563	\$7,125
Anoka Technical College	\$3,887	\$3,887	\$7,773
Anoka-Ramsey Community College	\$3,198	\$3,977	\$6,396
Bemidji State University	\$5,246	\$4,358	\$5,246
Bemidji State University – Graduate	\$6,288	\$5,823	\$6,288
Central Lakes College	\$3,481	\$3,977	\$3,481
Century College	\$3,480	\$3,977	\$6,960
Dakota County Technical College	\$3,714	\$3,714	\$7,428
Fond Du Lac Community College	\$3,524	\$3,977	\$7,499
Hennepin Technical College	\$3,525	\$3,530	\$7,674
Hibbing Community & Tech College	\$3,498	\$3,977	\$4,800
Inver Hills Community College	\$3,773	\$3,977	\$7,546
Itasca Community College	\$3,696	\$3,977	\$4,845
Lake Superior College	\$3,225	\$3,977	\$6,450
Mesabi Range College	\$3,599	\$3,977	\$4,499
Metropolitan State University	\$4,430	\$4,358	\$8,859
Metropolitan State University – Graduate	\$5,368	\$5,823	\$10,002
Minneapolis Comm & Tech College	\$3,666	\$3,977	\$7,332
Minnesota State College – Southeast	\$3,698	\$3,698	\$3,698
Minnesota State Comm & Tech College	\$3,837	\$3,977	\$3,837
Minnesota State University, Mankato	\$4,682	\$4,358	\$10,030
Minnesota State University, Mankato – Graduate	\$5,832	\$5,823	\$9,600
Minnesota State University Moorhead	\$4,464	\$4,358	\$4,464
Minnesota State University Moorhead - Graduate	\$5,500	\$5,823	\$5,832
Minnesota West Comm & Tech College	\$3,827	\$3,977	\$3,827
Normandale Community College	\$3,614	\$3,977	\$7,227
North Hennepin Community College	\$3,761	\$4,816	\$6,962
Northland Comm & Tech College	\$3,840	\$3,977	\$3,840
Northwest Technical College – Bemidji	\$3,876	\$3,876	\$3,876
Pine Technical College	\$3,300	\$3,300	\$6,600
Rainy River Community College	\$3,668	\$3,977	\$4,586
Ridgewater College	\$3,675	\$3,977	\$3,675
Riverland Community and Tech College	\$3,627	\$3,977	\$3,627
Rochester Comm & Tech	\$3,742	\$3,977	\$7,486
South Central College	\$3,419	\$3,419	\$3,419
Southwest Minnesota State University	\$5,016	\$4,358	\$5,016
Southwest Minnesota State University - Graduate	\$5,988	\$5,823	\$5,988
St. Cloud State University	\$4,760	\$4,358	\$10,332
St. Cloud State University – Graduate	\$5,816	\$5,823	\$9,096
St. Cloud Technical College	\$3,678	\$3,678	\$7,356
St. Paul College	\$3,492	\$3,492	\$6,984
U of M – Crookston	\$5,865	\$4,358	\$5,865
U of M – Duluth	\$7,157	\$5,494	\$18,264
U of M - Duluth – Graduate	\$8,748	\$8,748	\$15,848
U of M – Morris	\$8,204	\$5,618	\$8,204
U of M - Twin Cities	\$7,140	\$6,000	\$18,770
U of M - Twin Cities – Graduate	\$8,748	\$8,748	\$15,848
U of M - Twin Cities – Law	\$16,940	\$16,940	\$27,034
Vermilion Community College	\$3,714	\$3,977	\$4,643
Winona State University	\$4,940	\$4,358	\$8,886
Winona State University – Graduate	\$6,019	\$5,823	\$9,066

Source: Minnesota Office of Higher Education

Attachment E

Minnesota-Wisconsin Tuition Reciprocity

Projection Results of Implementing
Proposals to Phase-In the Higher of the Two State
Undergraduate Tuition Rates at the 100 Percent
And 50 Percent Surcharge Level
In the Minnesota-Wisconsin Tuition Reciprocity Agreement

**Minnesota/Wisconsin Tuition Reciprocity
100 Percent Tuition Surcharge Phase-In
Projections Summary (\$ Millions)**

Year	With Tuition Phase-In			Without Tuition Phase-In		
	MN Obligation To WI	WI Obligation To MN	Difference	MN Obligation To WI	WI Obligation To MN	Difference
2003-2004 (F.Y. 2005 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$57.7	\$48.3		\$57.7	\$48.3	
Net Obligation	\$10.8	\$16.9	\$6.1	\$10.8	\$16.9	\$6.1
2004-2005 (F.Y. 2006 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$60.5	\$50.7		\$60.5	\$50.7	
Net Obligation	\$8.0	\$14.5	\$6.5	\$8.0	\$14.5	\$6.5
2005-2006 (F.Y. 2007 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$66.9	\$56.0		\$66.9	\$56.0	
Net Obligation	\$1.6	\$9.2	\$7.6	\$1.6	\$9.2	\$7.6
2006-2007 (F.Y. 2008 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$70.2	\$59.9		\$70.2	\$58.8	
Net Obligation	(\$1.7)	\$5.3	\$7.0	(\$1.7)	\$6.4	\$8.1
2007-2008 (F.Y. 2009 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$73.8	\$65.0		\$73.8	\$61.2	
Net Obligation	(\$5.3)	\$0.2	\$5.5	(\$5.3)	\$4.0	\$9.3
2008-2009 (F.Y. 2010 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$77.4	\$71.4		\$77.4	\$64.8	
Net Obligation	(\$8.9)	(\$6.2)	\$2.7	(\$8.9)	\$0.4	\$9.3
2009-2010 (F.Y. 2011 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$81.3	\$77.3		\$81.3	\$68.1	
Net Obligation	(\$12.8)	(\$12.1)	\$0.7	(\$12.8)	(\$2.9)	\$9.9
2010-2111 (F.Y. 2012 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$85.4	\$83.3		\$85.4	\$71.5	
Net Obligation	(\$16.9)	(\$18.1)	(\$1.2)	(\$16.9)	(\$6.3)	\$10.6

**Minnesota/Wisconsin Tuition Reciprocity
50 Percent Tuition Surcharge Phase-In
Projections Summary (\$ Millions)**

Year	With 50% Tuition Surcharge Phase-In			Without Tuition Phase-In		
	MN Obligation	WI Obligation	Difference	MN Obligation	WI Obligation	Difference
Payment Category	To WI	To MN		To WI	To MN	
2003-2004 (F.Y. 2005 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$57.7	\$48.3		\$57.7	\$48.3	
Net Obligation	\$10.8	\$16.9	\$6.1	\$10.8	\$16.9	\$6.1
2004-2005 (F.Y. 2006 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$60.5	\$50.7		\$60.5	\$50.7	
Net Obligation	\$8.0	\$14.5	\$6.5	\$8.0	\$14.5	\$6.5
2005-2006 (F.Y. 2007 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$66.9	\$56.0		\$66.9	\$56.0	
Net Obligation	\$1.6	\$9.2	\$7.6	\$1.6	\$9.2	\$7.6
2006-2007 (F.Y. 2008 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$70.2	\$59.0		\$70.2	\$58.8	
Net Obligation	(\$1.7)	\$6.2	\$7.9	(\$1.7)	\$6.4	\$8.1
2007-2008 (F.Y. 2009 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$73.8	\$63.2		\$73.8	\$61.2	
Net Obligation	(\$5.3)	\$2.0	\$7.3	(\$5.3)	\$4.0	\$9.3
2008-2009 (F.Y. 2010 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$77.4	\$67.6		\$77.4	\$64.8	
Net Obligation	(\$8.9)	(\$2.4)	\$6.5	(\$8.9)	\$0.4	\$9.3
2009-2010 (F.Y. 2011 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$81.3	\$72.7		\$81.3	\$68.1	
Net Obligation	(\$12.8)	(\$7.5)	\$5.3	(\$12.8)	(\$2.9)	\$9.9
2010-2111 (F.Y. 2012 Payment)						
Gross Obligation	\$68.5	\$65.2		\$68.5	\$65.2	
Student Tuition Payment	\$85.4	\$77.4		\$85.4	\$71.5	
Net Obligation	(\$16.9)	(\$12.2)	\$4.7	(\$16.9)	(\$6.3)	\$10.6