



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #432

Reestimate Tuition Reciprocity Payment (HEAB)

CURRENT LAW

The Minnesota-Wisconsin student reciprocity agreement allows students from both states to attend public universities and community and technical colleges in the other state without having to pay the nonresident tuition rate. Following each academic year, the administering agencies total the tuition paid by students from each state attending universities and colleges in the other state and the reciprocity cost of educating those students. The amount of tuition paid by the students of each state is subtracted from the reciprocity cost of educating those students to determine each state's liability under the agreement. The state with the larger liability makes a payment equal to the difference between the two liabilities to the other state. Wisconsin has made a payment to Minnesota under the agreement in every year since 2001-02. However, under state law, any excess tuition paid by Minnesota students that is greater than what a similar resident student would have paid is not retained by the UW System; instead, it is deposited into the general fund as a departmental revenue. This tuition differential departmental revenue totaled \$15.6 million in 2016-17, while the payment to Minnesota totaled \$6.3 million, which resulted in a positive net effect on the general fund balance of \$9.3 million.

GOVERNOR

No provision. Base level funding of \$7,130,000 GPR annually would be provided in the sum sufficient appropriation for tuition reciprocity payments to Minnesota.

MODIFICATION

Reduce funding by \$630,000 GPR annually.

Explanation: The state's GPR payment under the reciprocity program is difficult to estimate. The payment depends on the number of students from each state attending under the program, the number of credits they take, and the resident tuition charged in each state. However, recent

payment history indicates that funding in the appropriation could be reestimated lower. Although more students continue to attend Minnesota institutions than Wisconsin institutions under reciprocity, over the last four years, the number of Wisconsin students enrolled in Minnesota institutions has declined significantly more than the number of Minnesota students attending Wisconsin institutions. This has reduced the state's payments to Minnesota. Over the last four years, payments have averaged \$6.5 million, with payments for 2016-17 and 2017-18 equaling \$6.3 million and \$5.5 million, respectively. This modification would use the four-year average amount of \$6.5 million to establish the estimated funding level for the appropriation.

	Change to	
	Base	Bill
GPR	- \$1,260,000	- \$1,260,000

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