

Fiscal Estimate - 2021 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 21-4901/1	Introduction Number AB-0714
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Description
 Minnesota-Wisconsin tuition reciprocity agreement and making an appropriation

Fiscal Effect

State:

<input type="checkbox"/> No State Fiscal Effect	<input type="checkbox"/> Increase Existing Revenues	<input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Decrease Existing Revenues	<input type="checkbox"/> Yes <input type="checkbox"/> No
<input checked="" type="checkbox"/> Increase Existing Appropriations		<input type="checkbox"/> Decrease Costs
<input type="checkbox"/> Decrease Existing Appropriations		
<input type="checkbox"/> Create New Appropriations		

Local:

<input type="checkbox"/> No Local Government Costs	5. Types of Local Government Units Affected	
<input type="checkbox"/> Indeterminate	<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> School Districts <input type="checkbox"/> WTCS Districts	
1. <input type="checkbox"/> Increase Costs	3. <input type="checkbox"/> Increase Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	
2. <input type="checkbox"/> Decrease Costs	4. <input type="checkbox"/> Decrease Revenue	
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory	

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input checked="" type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
UWS/ Renee Stephenson (608) 263-4422	Renee Stephenson (608) 263-4422	12/10/2021

Fiscal Estimate Narratives

UWS 12/10/2021

LRB Number	21-4901/1	Introduction Number	AB-0714	Estimate Type	Original
Description Minnesota-Wisconsin tuition reciprocity agreement and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

Under current law, the Higher Educational Aids Board (HEAB) administers and has authority to renegotiate the Minnesota-Wisconsin tuition reciprocity agreement. The agreement provides for the waiver of nonresident tuition for residents of either state who are enrolled in public vocational schools and for a reciprocal fee structure for residents of either state who are enrolled in public institutions of higher education located in the other state.

The bill would require the UW System to enter into, administer, and renegotiate with Minnesota a tuition reciprocity agreement that provides for the waiver of nonresident tuition and for a reciprocal fee structure for residents of either state who are enrolled in public institutions of higher education located in the other state. The bill would require that all the tuition paid by Minnesota students attending UW institutions under the agreement, including tuition commonly referred to as differential reciprocity tuition, be credited to a UW System appropriation account from which UW System expenditures are authorized. The bill would require the Board of Regents to ensure that each institution is allocated the amounts received under the tuition reciprocity agreement in proportion to the total amount each institution charged its students with Minnesota residence in tuition and fees.

The bill would also require HEAB to enter into, administer, and renegotiate with Minnesota a fee reciprocity agreement that provides for the waiver of nonresident fees for residents of either state who are enrolled in public vocational schools in the other state.

The effective date of the changes in the bill would be July 1, 2022.

Minnesota-Wisconsin Tuition Reciprocity began in 1965. The program is governed by the Minnesota-Wisconsin Public Higher Education Reciprocity Agreement, which was last modified by the Joint Committee on Finance in 2007. Each year, the Wisconsin Higher Educational Aids Board (HEAB) and the Minnesota Office of Higher Education (MOHE) negotiate an administrative memorandum that establishes the details of the program's operation. UWSA and MOHE annually collaborate to develop the tuition rates charged to students in both states.

Tuition Differential

In general, a Minnesota student attending a UW institution pays the higher of the resident tuition rate at the UW institution the student is attending or the tuition rate at a comparable Minnesota institution. For example, an undergraduate Minnesota student at UW-Madison would pay the higher of the UW-Madison resident tuition rate (\$4,636.68) or the University of Minnesota-Twin Cities (\$6,765.96).

Interstate Payment

Per the Reciprocity Agreement, HEAB and MOHE calculate an interstate payment each year. The total credit hours taken by reciprocity students in each state are multiplied by the marginal cost of providing those credits. From that total, the tuition paid by reciprocity students is subtracted. The difference is then paid between states. Since fiscal year 2001-02, Wisconsin's liability obligation has been higher than Minnesota's, so Wisconsin has been paying the difference to Minnesota.

Long-Range Fiscal Implications

Difference Between the Tuition Differential and the Interstate Payment

Currently, the UW System does not retain the tuition revenue that is the difference between the tuition differential and the interstate payment. The UW System has been depositing this money into the State's general fund.

Tuition Differential:

2016: \$13,455,015
2017: \$13,590,380
2018: \$15,567,480
2019: \$16,074,765
2020: \$18,584,504
2021: \$19,783,303

Payment to Minnesota:

2016: \$8,383,173
2017: \$6,301,055
2018: \$5,482,450
2019: \$5,508,410
2020: \$7,157,520
2021: TBD

Deposited to State's General Fund:

2016: \$5,071,842
2017: \$7,289,325
2018: \$10,085,030
2019: \$10,566,356
2020: \$11,426,984
2021: TBD

Under the bill, the UW System would take over from HEAB the negotiations for reciprocity with Minnesota. In addition, the UW System would retain the dollar amount which in the past has been deposited into the State's General Fund. In fiscal year 2019-20, this amount was \$11,426,984. This amount would be distributed back to campuses in proportion to the Tuition Differential that had been originally collected.