



ROB STAFSHOLT

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TO: Senate Committee on Universities and Revenue
FROM: Senator Rob Stafsholt
DATE: August 23, 2023
SUBJECT: Testimony in Favor of Senate Bill 161.

Thank you Chairman Hutton and members of the Senate Committee on Universities and Revenue for allowing me to submit testimony in favor of Senate Bill 161.

Under current law, the Higher Education Aids Board (HEAB) is required to negotiate a tuition reciprocity agreement with the State of Minnesota. That agreement is subject to Joint Finance Committee (JFC) passive review.

At their respective schools, Minnesota and Wisconsin students pay the higher of the two tuition rates. Due to the undergraduate tuition freeze in Wisconsin for the past 8 years, the rate is typically the Minnesota undergraduate rate for both Wisconsin students that attend Minnesota schools and Minnesota students that attend Wisconsin schools. The difference in tuition paid by Minnesota students is not retained by individual campuses or UW System. It is deposited into the state's General Fund, where a part of it is sent back to Minnesota based on a 50-year-old formula that calculates liabilities between the two states.

This bill retains the Minnesota-Wisconsin Tuition Reciprocity Agreement and subsequent JFC passive review, but makes two major changes. The proposal transfers negotiating authority from HEAB to UW System. The individual UW System campuses are the ones impacted by this agreement and UW System should be the ones to negotiate its provisions. The proposal also allows individual campuses to retain the differential tuition earned from Minnesota residents.

Thank you, members. I ask for your support and would be happy to meet with you to address any concerns or answer any questions about this bill.



Office of Government Relations

Van Hise Hall
1220 Linden Drive
Madison, WI 53706
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DATE: August 23, 2023

TO: Members of the Senate Committee on Universities and Revenue

FROM: UW System Office of Government Relations

RE: Written Testimony in Support of Senate Bill 161

Thank you, Chair Hutton and committee members, for providing UW System (UWS) an opportunity to submit testimony in support of Senate Bill 161 (SB 161). This legislation provides UWS the ability to maximize our cooperative relationship with Minnesota regarding tuition reciprocity.

Under current statutes, the Minnesota-Wisconsin Higher Education Reciprocity Agreement is administered jointly by the Minnesota Office of Higher Education (MOHE) and the Wisconsin Higher Educational Aids Board (HEAB). Under this agreement, Minnesota residents can attend a UWS school without paying the nonresident tuition rate and Wisconsin residents can take advantage of the same opportunity.

Since Minnesota's in-state tuition has been higher than Wisconsin's in recent years, both Minnesota and Wisconsin residents pay the Minnesota tuition rate to the university they attend. Wisconsin law requires tuition paid by Minnesota students in excess of the Wisconsin resident tuition rate to be deposited in the state of Wisconsin's general fund. A portion of that funding is then returned as payment to the state of Minnesota.

This bill will allow UWS to enter, administer, and renegotiate with Minnesota a tuition reciprocity agreement. The bill also credits the differential tuition to UWS. These funds will be used to pay any balance owed to Minnesota and then be distributed to the campuses based on enrollment of Minnesota students.

This legislation will have a significant, positive impact for our campuses. It will allow schools to retain more of the tuition dollars that they earn and invest those dollars in educating the students on campus. The legislation will also allow UWS to renegotiate the 50-year-old agreement between Minnesota and Wisconsin to ensure that the agreement is effectively serving the students of Wisconsin. The Legislature will still have final say over any agreement through the Joint Finance Committee (JFC) passive review process.

This legislation is an easy way for the legislature to support our campuses without any increased costs borne by taxpayers. The additional revenue is generated by Minnesota students who have recognized the value of UWS schools and have chosen Wisconsin as the place to live and learn.

(Cont.)

We thank Representative Zimmerman and Senator Stafsholt for authoring this legislation and the bipartisan list of cosponsors to the bill. Thank you again for the opportunity to provide testimony in support of this legislation.

MINNESOTA TUITION RECIPROCITY

Under the Minnesota-Wisconsin tuition reciprocity agreement, Minnesota (MN) residents can attend UW System (UWS) schools without paying nonresident tuition and vice versa. Instead, the student pays the higher of the resident tuition charged at the university of attendance or the tuition at a comparable university in their home state.

Current Policy

MN families pay MN's higher tuition level, but UWS universities do not receive the full MN tuition amount. Instead, they receive tuition equal to the Wisconsin (WI) in-state tuition rate. For example, a MN student paid approximately \$14,979 in tuition/fees at UW-Madison in 2021-22, but the campus only received \$10,720. The remainder (\$4,259) is retained in the WI general fund.

A share of the remaining funds is returned to MN based on a formula agreed to in the MN-WI Higher Education Reciprocity Agreement. For many years, WI has paid MN, because MN's tuition is higher. UW System schools are in effect penalized for having a lower tuition.

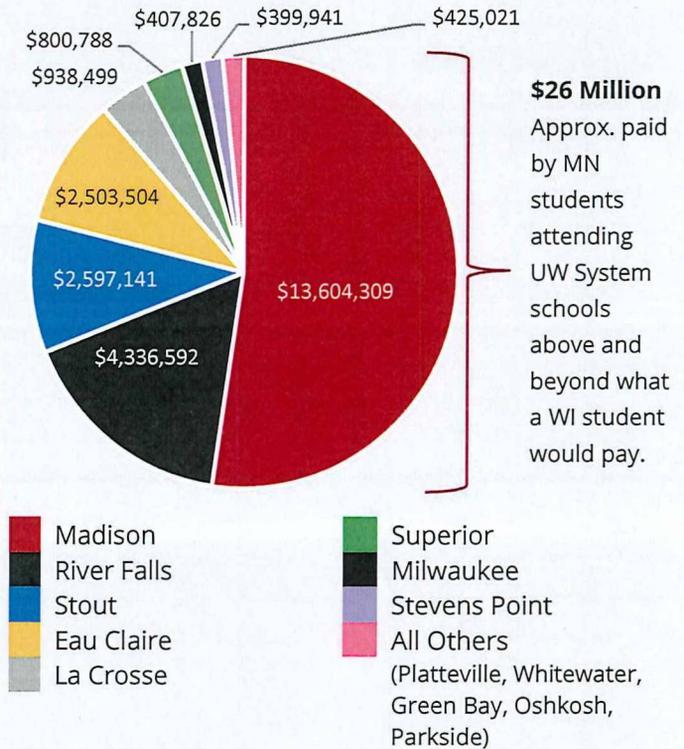
Under current law, the WI Higher Educational Aids Board (HEAB) and the MN Office of Higher Education (MOHE) jointly administer and have authority to renegotiate the agreement. In WI, changes to the agreement must be approved by the Joint Committee on Finance (JFC). In MN, changes are approved by the Minnesota State Colleges and Universities Board of Trustees and the University of Minnesota Board of Regents.

Requested Changes (AB 140/SB 161)

1. Require the UWS 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 agreement will retain JFC approval.

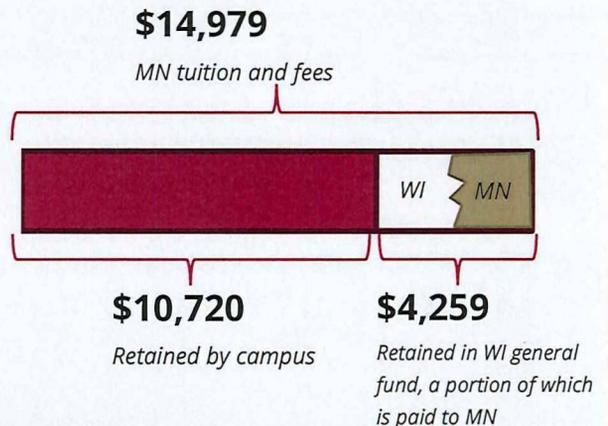
2. Require that all tuition paid by Minnesota students attending UWS universities under the agreement, including tuition commonly referred to as differential reciprocity tuition, be credited to a UWS appropriation account to be distributed to the corresponding campus.

UW System Tuition Differential Earned, 2021-22



UWSA, Policy Analysis and Research

WI Tuition per MN Student Example*, 2021-22



*Example based on UW-Madison



WISCONSIN
UNIVERSITY OF WISCONSIN-MADISON

Senate Committee on Universities & Revenue
2023 Senate Bill 161

Changes to the Minnesota-Wisconsin Tuition Reciprocity Agreement

August 23, 2023

Chairman Hutton and members of the Senate Committee on Universities & Revenue:

My name is Rob Cramer and I am the Vice Chancellor for Finance and Administration at the University of Wisconsin-Madison. At UW-Madison, I serve as the chief budget officer for the campus and oversee several units, including budget and finance, facilities planning and management, business services, University Housing, Transportation Services, and the UW Police Department. Thank you for the opportunity to testify in support of Senate Bill 161, relating to the Minnesota-Wisconsin Tuition Reciprocity Agreement. We also want to thank Senator Stafsholt and Representatives Zimmerman and Petryk for advancing this important legislation.

The Minnesota-Wisconsin Tuition Reciprocity Agreement was first established in the 1970s and provides the opportunity for Wisconsin residents to attend Minnesota schools without paying out-of-state tuition. It also affords Minnesota residents the same opportunity to attend Wisconsin campuses at a reduced rate, and many UW System campuses continue to benefit from the number of Minnesota students that attend our institutions. Under current law, the agreement is negotiated by the Higher Education Aids Board (HEAB) on behalf of the State of Wisconsin and is subject to passive review by the Joint Finance Committee.

At their respective schools, Minnesota and Wisconsin students pay the higher of the two state tuition rates. Due to the undergraduate tuition freeze in Wisconsin for the past 9 years, the rate is typically the Minnesota undergraduate rate for both Wisconsin students that attend Minnesota schools and Minnesota students that attend Wisconsin schools.

The difference in tuition paid by Minnesota students is not retained by individual campuses or the University of Wisconsin System. Instead, it is deposited into the Wisconsin General Fund, where part of it is sent back to Minnesota under a complicated formula. At UW-Madison, approximately \$13.6 million in tuition paid by Minnesota students for the 2021-22 academic year was sent back to the General Fund rather than being retained by UW-Madison, as would typically be the case with any other non-resident student.

Senate Bill 161 makes two changes to existing law: first, it allows the individual campuses to retain the differential tuition generated from Minnesota residents. Second, the tuition reciprocity agreement would be negotiated by the University of Wisconsin System, rather than the Higher Education Aids Board. The legislation makes no changes to the legislative oversight or Joint Finance Committee passive review process.

This bill would generate additional revenue for UW System campuses by simply allowing each campus to retain all the tuition dollars paid by Minnesota students on that campus. This affords us the opportunity to invest in supporting our students, including teaching and advising, along with our research and outreach missions. The changes in this bill would have a meaningful positive impact on campus budgets. Transferring negotiating authority to the University of Wisconsin System would be appropriate, as its institutions are the ones directly impacted by the provisions of the agreement. It is important to note that the changes outlined in the legislation would not result in any family from Wisconsin paying more for their education.

Thank you for the opportunity to submit testimony on the impact this legislation would have on UW-Madison. If you have any questions, please reach out to UW-Madison Senior Director of State Relations Crystal Potts (crystal.potts@wisc.edu; 608-265-4105).

My name is Rob Potts and I am the Vice Chancellor for Finance and Administration at the University of Wisconsin-Madison. At UW-Madison, I serve as the chief budget officer for the campus and oversee several units, including budget and finance, facilities planning and management, business services, University Housing, Transportation Services, and the UW Potts Department. Thank you for the opportunity to testify in support of Senate Bill 101, relating to the Minnesota-Tuition Reciprocity Agreement. We also want to thank Senator Stastny and Representative Zimmerman and Potts for advancing this important legislation.

The Minnesota-Wisconsin Tuition Reciprocity Agreement was first established in the 1970s and provides the opportunity for Wisconsin residents to attend Minnesota schools without paying out-of-state tuition. It also allows Minnesota residents the same opportunity to attend Wisconsin campuses at a reduced rate, and many UW System campuses continue to benefit from the number of Minnesota students that attend our institutions. Under current law, the agreement is regulated by the Higher Education Aid Board (HEAB) on behalf of the State of Wisconsin and is subject to periodic review by the Joint Finance Committee.

At their respective schools, Minnesota and Wisconsin students pay the higher of the two state tuition rates. Due to the undergraduate tuition freeze in Wisconsin for the past 8 years, the rate typically the Minnesota undergraduate rate for both Wisconsin students and attend Minnesota schools and Minnesota students that attend Wisconsin schools.

The difference in tuition paid by Minnesota students is not retained by their local campuses or the University of Wisconsin System. Instead, it is deposited into the Wisconsin General Fund, where part of it is sent back to Minnesota under a complicated formula. At UW-Madison, approximately \$1.6 million in tuition paid by Minnesota students for the 2011-22 academic year was sent back to the General Fund rather than being retained by UW-Madison, as would typically be the case with any other non-resident student.

Senate Bill 101 makes two changes to existing law: first, it allows the individual campuses to retain the differential tuition generated from Minnesota residents. Second, the tuition reciprocity agreement would be regulated by the University of Wisconsin System, rather than the Higher Education Aid Board. The legislation makes no changes to the legislative oversight or Joint Finance Committee periodic review process.



UW-Superior Testimony

Senate Bill 161

Relating to: The Minnesota-Wisconsin Tuition Reciprocity Agreement and making an appropriation

Thank you, Chairman Hutton, for holding a hearing today on SB 161. I'd also like to thank Senators Ballweg, James, Larson, Roys, and Smith for authoring SB 161.

I'm Renée Wachter, Chancellor of the University of Wisconsin-Superior. For over 125 years, our small but mighty campus of 2,600 students has been the anchor of the north in Wisconsin. We serve both in-person students with on-campus courses and programs, and the rural place-bound with online delivery, - programs that serve some of our state's workforce and community direst needs – teacher education which is our largest program with over 500 students, the state's only transportation and logistics program, school psychology, computer science, water quality, and mental health counseling and wellbeing. We lead the comprehensives in research and sponsored grants very much focused on Wisconsin specific issues, like invasive species.

We're located right across the bridge from Duluth, a major Minnesota population and tourist center. A talent importer, we actively recruit Minnesota students. Today, roughly a third of our students currently come from Minnesota. Admitting Minnesota students is not only an important recruitment strategy, but also serves as an entrance point for these students to eventually live and work in our great state. We try to make sure they like it HERE, feel connected HERE, because we want to keep them HERE. We know that a quarter of our students stay in the Twin Ports alone. I'm a competitive person, and in the battle for talent, I want my northland and our great state of Wisconsin to win.

As you know, the Minnesota-Wisconsin Tuition Reciprocity Agreement was first established in the 1970s. With undergraduate tuition remaining frozen in Wisconsin for more than a decade, Minnesota students have been paying higher tuition rates than Wisconsin students. Even under our tuition increase, Minnesota tuition is higher. For UW-Superior, it would have meant between \$600,00 to over \$800,000 in additional tuition revenue if we look at the last few years. Under current law, neither UW-Superior nor any other UW System campus can keep the additional tuition that we generate as a result of being more affordable than Minnesota. Instead, these funds go into the state's general fund.

This bill will allow UWS campuses to retain this additional tuition. Why is that important? Because by staying with us, those dollars can be used to compete with Minnesota by investing in things that we know keep Minnesota students, and our own Wisconsin students, here in Wisconsin. Internship support, career development, rural outreach, and innovative industry driven programming. Bayfield, Ashland, Hayward, Rice Lake, Rhinelander, Shell Lake, Superior are all communities I've visited recently who's employers and economic development agencies tell us they are crying for talent and want our graduates.

Currently, the Wisconsin Higher Educational Aids Board (HEAB) negotiates the tuition reciprocity agreement with Minnesota. SB 161 will transfer negotiating authority from HEAB to UW System. Since UW campuses are impacted by this agreement, it stands to reason that UW System should be the one to negotiate its provisions. While negotiations will shift to UW System under SB 161, the bill retains the requirement that the Joint Finance Committee (JFC) continue to sign off on the final negotiated agreement, ensuring a continuation of legislative involvement in this process.

Chairman Hutton and committee members, we hope you will support SB 161. It seems only logical that tuition funds stay at our universities, to support campuses like UW-Superior and secure a win for Wisconsin. Thank you.



Senate Committee on Universities and Revenue

Senate Bill 161

Under the Minnesota-Wisconsin tuition reciprocity agreement, Minnesota residents can attend UW System schools without paying nonresident tuition and vice versa. Many of the UW System universities, including the University of Wisconsin-Milwaukee, benefit from the number of Minnesota students that attend our campuses. Those students are often retained to the State of Wisconsin based on the internships they experience, jobs they obtain post-graduation, and lifelong friendships made. UW-Milwaukee is also well positioned to recruit graduate and PhD students from Minnesota to our world-class research programs.

Under the current law, the difference in tuition paid by Minnesota students is not retained by individual universities or UW System. Wisconsin law requires tuition paid by Minnesota students in excess of the Wisconsin resident tuition rate be deposited in the state of Wisconsin's general fund. Funds paid by those students are not returned to the universities that serve them.

In many fields, especially STEM and health, the true cost per student to provide the educational program is more than resident tuition rates. For Wisconsin resident students, state appropriations contribute to funding educational costs, and for students from other states, tuition rates are substantially more than resident rates. But, for Minnesota students, UW institutions must provide education solely at very low resident rates with no additional assistance to cover true costs.

UW-Milwaukee supports SB 161 because it allows UW System to work directly with its counterpart in Minnesota to negotiate tuition reciprocity while maintaining Joint Committee on Finance oversight. The proposal also allows for individual universities to retain the differential tuition earned from Minnesota residents. For UW-Milwaukee that amount would have been around \$500,000 annually over the last several years. Students and their families would not see a change to their tuition bill, but the university would benefit by using those dollars to directly serve our students.

UW-Milwaukee uniquely serves the state of Wisconsin retaining 82% of our alums to Wisconsin. Recent graduates on average earn salaries near \$60,000 and thrive in many important economic sectors. Eighty-six percent (86%) of UW-Milwaukee graduates go into health and human services, STEM, computer science and business-related fields. We also offer degrees in emerging fields like Freshwater Science, populate many police forces across the state, and graduate entrepreneurs who start small businesses, among other strengths. Ninety-one percent (91%) of our alums are working or continuing their education post-graduation.

Thank you to Chair Hutton and members of the committee for holding this important hearing today.

Submitted by: Chancellor Mark Mone



SHANNON ZIMMERMAN

STATE REPRESENTATIVE • 30th ASSEMBLY DISTRICT

Senate Bill 161 Senate Committee on Universities and Revenue August 23, 2023

Thank you Chairman Hutton and committee members for hearing testimony on Senate Bill 161 today. This legislation addresses Wisconsin-Minnesota tuition reciprocity for colleges and universities. SB 161 would require that any differential tuition earned by any UW System institution be returned to that institution. Differential tuition is the difference between what a Minnesota student pays to attend a Wisconsin institution and what a Wisconsin student would pay to attend that same institution. Today, this differential tuition is being deposited into the state's general fund.

This is a simplified explanation as there is an agreement reached between the states that lays out the details of the tuition reciprocity agreement. The intent of the reciprocity agreement is that neither state profits. Currently, the Higher Education Aids Board (HEAB) negotiates these deals with their counterparts in Minnesota. The proposal before you would move this responsibility to the UW System authority for public institutions of higher education as well as address how the differential tuition is handled. While vocational schools in both states do not currently charge out of state tuition, HEAB would maintain their authority to negotiate a reciprocity agreement should that change.

Changing the way these tuition funds are allocated will have a significant impact on many UW System institutions. Specifically, in my area, UW River Falls would benefit to the tune of over \$4 million based on the current agreement in place.

While the reciprocity agreement carries implications for all Wisconsin higher education institutions, the legislation makes no changes to institutions outside of the UW System.

Thank you again for your time and attention to this proposal and I hope I can count on your support of this measure as we move forward.



MINNESOTA TUITION RECIPROCITY

Under the Minnesota-Wisconsin tuition reciprocity agreement, Minnesota residents can attend UW institutions without paying nonresident tuition. (Similarly, Wisconsin residents can attend Minnesota public universities without paying nonresident tuition.) Instead, the student pays the higher of the resident tuition charged at the institution they are attending or the tuition the student would pay at a comparable institution in their home state.

Current Policy

Minnesota families pay Minnesota's higher tuition level, but UW institutions do not receive the full Minnesota tuition amount. Instead, they receive tuition equal to the WI in-state tuition rate. For example, a Minnesota student will pay \$15,529 in tuition/fees at UW-Madison in 2022-23, but the campus will only receive \$10,796. The remainder (\$4,733) is retained in the State of Wisconsin general fund.

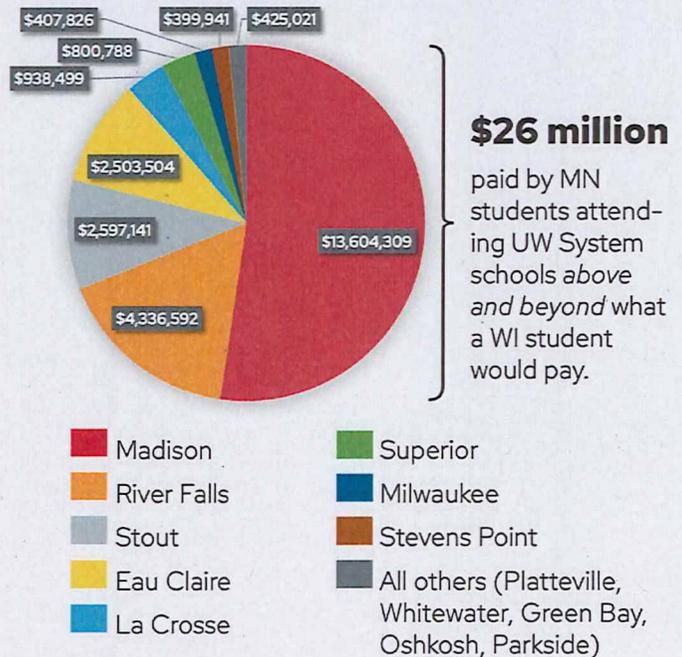
A share of this is returned to Minnesota based on a formula agreed to in the Minnesota-Wisconsin Higher Education Reciprocity Agreement. For many years, Wisconsin has paid Minnesota, because Minnesota's tuition is higher. What is left stays in the Wisconsin general fund for general purpose use.

Under current law, the Wisconsin Higher Educational Aids Board (HEAB) and the Minnesota Office of Higher Education (MOHE) jointly administer and have authority to renegotiate the agreement. In Wisconsin, changes to the agreement must be approved by the Joint Committee on Finance. In Minnesota, changes are approved by the Minnesota State Colleges and Universities Board of Trustees and the University of Minnesota Board of Regents.

Requested Changes

1. 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.
2. Require that all 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 and to the corresponding campus.

UW System Tuition Differential Earned, 2021-22



\$26 million

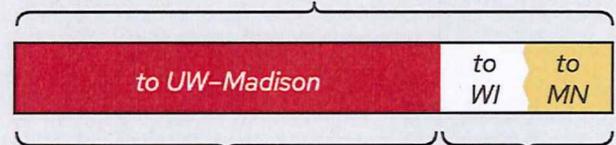
paid by MN students attending UW System schools above and beyond what a WI student would pay.

UWSA, Policy Analysis and Research

UW-Madison Tuition per MN Student, 2022-23

\$15,529

MN tuition and fees at UW-Madison



\$10,796

retained by UW-Madison

\$4,733

retained in WI general fund, a portion of which is paid to MN

January 2023



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