



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #367

Minnesota-Wisconsin Student Reciprocity Modification (Higher Educational Aids Board)

CURRENT LAW

The Minnesota-Wisconsin public higher education reciprocity agreement allows residents of both states to attend institutions of higher education in the other state at a rate less than the rate charged to other non-resident students. The agreement is administered jointly by the Higher Educational Aids Board (HEAB) in Wisconsin and the Minnesota Office of Higher Education. At the end of each academic year, the administering agency in each state determines the amount of the other state's liability under the agreement. Each state's liability is equal to the difference between the calculated cost of educating students who attended institutions in the other state and the amount of tuition paid by those students. Students attending technical colleges in the other state are excluded from the calculation of state's liability. The state with the larger liability makes a payment to the other state in an amount equal to the difference between the two liabilities.

Beginning in 2008-09, newly enrolled Wisconsin residents attending University of Minnesota and Minnesota State Colleges and Universities (MnSCU) institutions have been charged the higher of the Wisconsin resident rate at a similar institution within the UW System and the Minnesota resident rate at the institution attended. Through the Wisconsin reciprocity supplement program, students who were charged the Minnesota resident rate received a tuition supplement equal to the difference between the Minnesota resident rate and the Wisconsin resident rate at a similar institution in the UW System. The supplements received by students enrolled at the University of Minnesota-Twin Cities were reduced to reflect a 25% tuition gap surcharge that had been in effect since 1998. The University of Minnesota and MnSCU administer the Wisconsin reciprocity supplement program and submit a request for payment equal to the total amount of supplements provided in each semester or term to HEAB.

In May, 2011, the Joint Committee on Finance directed HEAB to renegotiate the administrative memorandum related to the reciprocity agreement to eliminate the supplement

program for new students beginning in the fall, 2012, semester. Students who had previously received tuition supplements through the program would continue to be eligible for tuition supplements through the 2014-15 academic year provided that they maintain continuous enrollment. The Joint Finance Committee approved the renegotiated administrative memorandum via passive review in July, 2011.

Payments to Minnesota related to the reciprocity agreement, including both liability payments and payments related to the reciprocity supplement program, are made from a sum sufficient appropriation under HEAB.

GOVERNOR

Estimate payments to Minnesota related to the Minnesota-Wisconsin student reciprocity agreement at \$8,600,000 in each year of the biennium.

MODIFICATION

Reestimate payments related to Minnesota related to the Minnesota-Wisconsin student reciprocity agreement at \$8,250,000 in 2013-14 and \$7,200,000 in 2014-15, which would represent reductions of \$350,000 in 2013-14 and \$1,400,000 in 2014-15 compared to AB 40.

Explanation: As the Wisconsin reciprocity supplement program is phased out, fewer students will be eligible to receive tuition supplements. In 2013-14 and 2014-15, only students who first enrolled in or before the 2011-12 year and maintained continuous enrollment will be eligible for tuition supplements. Total tuition supplements are estimated at \$2,100,000 in 2013-14 and \$1,050,000 in 2014-15 compared to \$3,170,000 in 2012-13. These estimates assume that tuition at all University of Wisconsin, University of Minnesota, and MnSCU institutions will be frozen during the biennium. Although tuition rates have not been established for 2013-14 and 2014-15, legislative leadership have pledged a two year tuition freeze for all UW institutions. Similarly, the Minnesota higher education conference committee passed a higher education budget on May 15, 2013, that would freeze tuition at the University of Minnesota and MnSCU institutions for two years. Actual payments related to the program may vary based on student enrollments.

Change to Bill Funding	
GPR	- \$1,750,000

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