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TUITION RECIPROCITY

INTRODUCTION

Wisconsin participates in many types of reciprocity agreements with other states including agreements relating to postsecondary education tuition, income tax, the transfer of inmates in correctional facilities, admissions to certain state parks, and fishing licenses. This brief describes the tuition reciprocity agreements that allow students to attend public postsecondary educational institutions without paying nonresident tuition.

Wisconsin has tuition reciprocity agreements at both the university and the technical college levels with Minnesota, Illinois, Iowa, and Michigan. The Wisconsin Higher Educational Aids Board (HEAB), which manages the state's student financial aid programs, negotiates those agreements on behalf of the state, with the approval of the legislature's Joint Committee on Finance.

Recently, University of Minnesota officials have called for changes in the tuition reciprocity agreement that would require Wisconsin students to pay the same tuition as Minnesota students by 2007. Currently, Wisconsin students pay 14% to 29% less in tuition and fees than Minnesota students enrolled in the same Minnesota institution. For example, annual tuition at the University of Minnesota (UM)-Twin Cities for Minnesota residents is \$7,344, but Wisconsin residents pay only \$6,288 to attend that institution. Minnesota legislators, concerned about the discrepancy, have considered introducing legislation calling for

changes in the reciprocity program with Wisconsin because they believe Wisconsin is getting the better end of the deal. Yet in academic year 2002-03, Wisconsin paid Minnesota \$3.1 million as part of the agreement, and more Minnesota students attended Wisconsin schools than the reverse.

BACKGROUND

With the enactment of Chapter 286, Laws of 1965, the legislature authorized the coordinating committee for higher education to enter into interstate agreements that included nonresident tuition remission for designated categories of students attending state institutions of higher education. As a result, three state colleges (La Crosse, River Falls, and Superior) had tuition reciprocity agreements with seven Minnesota junior colleges, UM-Twin Cities, UM-Duluth, and Winona State. Originally, the agreements provided for the transfer of a limited number of students, with the number of students attending individual institutions in each state specified. To be eligible, the student had to be an undergraduate whose residence or high school was no more than 40 miles from the institution attended in the other state.

With the creation of the current University of Wisconsin System in 1971, the legislature authorized HEAB to negotiate tuition reciprocity agreements under Section 39.42 of the statutes. Under the 1972-73 agreements, restrictions based on residence and eligible campuses were removed and vocational students took part for the first time. In

1973, the legislature authorized separate agreements with Minnesota under Section 39.47 of the statutes.

WISCONSIN'S CURRENT TUITION RECIPROCITY AGREEMENTS

Minnesota/Wisconsin. The tuition reciprocity agreement between these two states is the one that is the most familiar to individuals and has drawn the most attention from public officials in both states.

Under the Minnesota-Wisconsin reciprocity agreement, participating students may attend public universities and technical colleges in the adjacent state without having to pay nonresident tuition.

Under current law, neither state may profit at the expense of the other and any amount one state owes the other is calculated through a formula which reflects the educational costs incurred by both states. HEAB must enter into an agreement meeting these requirements with the designated body representing the State of Minnesota, which is the Minnesota Higher Educational Services Office (MHESO). Prior to each academic year, the two agencies prepare an administrative memorandum that establishes policies and procedures for implementation of the agreement for the upcoming academic year. Unlike previous agreements, the current agreement does not include an expiration date. Instead, it is renewed automatically unless both states agree to terminate or modify the agreement. Any proposed modifications, however, require Joint Committee on Finance approval.

Two considerations led both states to seek significant changes to the agreement for the 1998-99 school year. First, historically Minnesota's obligation has always been greater than Wisconsin's due to a greater number of Minnesota residents attending Wisconsin institutions. Beginning with the

1995-96 school year, however, Wisconsin's obligation became greater than Minnesota's, and that obligation grew significantly over the next two academic years to more than \$2 million. Enrollment projections indicated that Wisconsin's liability would continue to grow. Second, Wisconsin residents attending Minnesota institutions paid significantly lower tuition than Minnesota residents enrolled in the same institution. This was especially evident at UM-Twin Cities.

A group of representatives from educational and administrative agencies in each state worked out an agreement approved by the Wisconsin Legislature's Joint Committee on Finance in August 1997. Subsequently, the legislature enacted 1997 Wisconsin Act 200 to codify certain changes made in the agreement. Prior to the 1998-99 academic year, the reciprocal fee, which was adopted in 1983, was defined as the average tuition the student would have paid at a comparable institution in the student's home state. Act 200 provided that the reciprocal fee charged under the agreement may not exceed the **higher** of the resident tuition that would be charged the student at the institution in which the student is enrolled **or** the resident tuition that would be charged the student at a comparable institution in the student's state of residence. This change gives the administering agencies in the two states increased flexibility to jointly set reciprocity tuition rates within a prescribed range to address the tuition differential.

As a result of the changes in the agreement, beginning in 1998-99 Minnesota's obligation again exceeded Wisconsin's until 2001-02 when the faster increase in Minnesota's tuition rate caused Wisconsin to have an obligation of \$302,741.

Each state's "Net Cost" is calculated from a formula that totals instructional costs and subtracts total reciprocity tuition paid by students from the other state. The difference in net costs yields the reciprocity pay-

ment made by one state to the other. The following table shows data on enrollment and net cost for Minnesota and Wisconsin stu-

dents under reciprocity agreements for the 1991-92 to 2001-02 academic years.

**MINNESOTA-WISCONSIN RECIPROCITY
ENROLLMENT AND PAYMENT HISTORY
1990-91 to 2001-02**

Academic Year	Rank	MN Students in WI	Net Cost (in millions)	WI Students in MN	Net Cost (in millions)	Reciprocity Payment (in millions)	Net Tuition Differential (in millions)	Total GPR Earned (in millions)
1990-91	55	12,035	\$17.1	7,136	\$10.5	\$6.6	\$1.9	\$8.5
1991-92	64	12,342	15.1	7,492	11.8	3.3	4.3	7.6
1992-93		11,985	15.7	7,965	13.2	2.5	5.0	7.4
1993-94		11,519	17.1	8,724	15.0	2.0	4.4	6.5
1994-95		11,721	17.7	8,656	15.9	1.7	4.2	5.9
1995-96		11,731	16.4	9,312	16.9	-0.5	4.9	4.4
1996-97		12,062	15.5	9,815	16.8	-1.3	5.6	4.3
1997-98		12,614	17.8	9,905	19.9	-2.1	4.2	2.1
1998-99		13,323	19.5	10,390	17.0	2.5	4.0	6.6
1999-2000		12,191	20.9	10,292	18.4	2.5	2.9	5.3
2000-01		13,022	22.8	10,480	20.4	2.4	4.9	7.3
2001-02		13,142	20.6	9,816	20.9	-0.3	6.5	6.2

Source: Wisconsin Legislative Fiscal Bureau, Informational Paper 72, "Education and Income Tax Reciprocity Agreements", January 2003.

Like the agreement for university systems, Minnesota-Wisconsin tuition reciprocity for technical colleges is statewide. Unlike university students, however, technical college students pay the resident tuition charged at the college they attend. A Wisconsin resident attending a Minnesota technical college, then, pays the resident tuition at that campus. In addition, there is no pro-

vision for a reciprocity payment between the two states at the technical college level.

Illinois/Wisconsin. Three Wisconsin Technical College System (WTCS) districts (Blackhawk, Chippewa Valley, and Gateway) have agreements with colleges in Illinois. Gateway has agreements with the College of Lake County, McHenry County

College, and Rock Valley College, and Blackhawk and Chippewa Valley also have agreements with Rock Valley College. Currently, participating students from both states are charged Wisconsin resident tuition. While priority for admission is given to residents of the state in which each college is located for the first semester, after the first semester, students enrolled under the reciprocity agreement receive the same priority as residents, although no state resident may be displaced because of the agreement.

Iowa/Wisconsin. Southwest Technical College has an agreement with Northeast Iowa Community College. Students pay the resident tuition rate for the institution in which they are enrolled. As under the Illinois agreements, priority for initial admission is given to state residents and participating students are treated as residents for admission purposes after the first semester.

Michigan/Wisconsin. Three WTCS districts (Indianhead, Nicolet, and Northeast)

have an agreement with Michigan's Bay de Noc Community College and Gogebic Community College. Under the agreement, Wisconsin students pay Michigan's resident tuition rate, and Michigan students pay Wisconsin's resident rate. In addition, the agreement provides that a resident of one state who is employed in the other state and whose employer pays the student's tuition must be considered a resident of the other state for tuition purposes.

In addition to the WTCS agreements, UW-Marquette (a 2-year campus) has established a tuition reciprocity agreement with the same two community colleges in Michigan (Bay de Noc and Gogebic). This agreement applies only to individuals residing in Marinette and Iron Counties in Wisconsin and Menominee County in Michigan. As in the WTCS arrangement, Wisconsin residents pay Michigan's resident tuition rate and Michigan residents pay Wisconsin's resident tuition rate.