



Office of Government Relations

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DATE: February 10, 2022

TO: Members of the Senate Committee on Universities and Technical Colleges

FROM: Tommy G. Thompson, UW System Interim President

RE: Written Testimony on Senate Bill 717

Thank you, Chair Roth and committee members, for providing UW System (UWS) an opportunity to submit testimony in support of Senate Bill 717 (SB 717). 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 UW institutions without paying the nonresident tuition, and Wisconsin residents can take advantage of the same opportunity.

As Minnesota's in-state tuition is generally higher than Wisconsin's, both Minnesota and Wisconsin residents end up paying the Minnesota tuition to the institution they are attending. 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 into UWS. These funds will be used to pay any balance owed to Minnesota and then distributed to the campuses based on enrollment of Minnesota students.

This legislation will have a significant, positive impact on several of 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 and taxpayers of Wisconsin. The Legislature will still have final say over any agreement through the JFC passive review process.

(Cont.)

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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 UW System schools and have chosen Wisconsin as the place to live and learn.

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.

UW-River Falls Testimony - Senate Bill SB-717

The Minnesota-Wisconsin tuition reciprocity agreement and making an appropriation

Thank you, Chair Roth and members for holding a hearing on SB-717 today. This legislation is incredibly important for our institution. I'd also like to thank the authors, Sen. Stafsholt and Rep. Zimmerman, our campus' elected officials, for introducing this legislation.

I am UW-River Falls Chancellor Maria Gallo. UW-River Falls is the western-most campus of the UW System, located in one of the state's most dynamic and thriving regions, the St. Croix Valley. We are one of the fastest growing parts of the state and benefit from eastward expansion of a thriving metropolitan area with a population of over 3.6 million just across the river. Our campus enrolls an average of 6,000 students a year and is a magnet for signature programs, attracting primarily Wisconsin and Minnesota students in a variety of fields that are valuable to the economic growth of our region. We are perfectly positioned to act as a net importer of talent for the region and state, while also continuing to provide a high-quality education to our Wisconsin students as we have for nearly 150 years.

The Minnesota-Wisconsin tuition reciprocity agreement has been benefitting students on both sides of the border since the 1970s. UW-River Falls serves those students well, providing an excellent education and connecting them with employers in the region, hoping to retain them in Wisconsin after graduation. Yet, UW-River Falls and the other UW campuses that educate Minnesota students are not allowed to retain the difference in tuition that a Minnesota student pays. That revenue is deposited into the state's General Fund. Part of it goes back to Minnesota and the rest remains in the General Fund for uses unrelated to higher education.

The proposed legislation, SB-717, will solve this problem by allowing individual campuses to retain the extra tuition that Minnesota residents pay when they attend our institutions. Based on 2020-21 data, UW-River Falls enrolled almost 46% of its students from Minnesota, meaning we lost over \$3 million in earned revenue because of the current, outdated reciprocity mechanism. That is revenue that could have been reinvested in UWRF, allowing us to offer more innovative, high-quality programming for our students, meeting their demands and filling regional employer needs.

Many of you on this committee know how important out-state campuses like UW-River Falls are to our regions and to the state as a whole; yet we are all struggling to grow and continue to fulfill our primary mission in the face of increasingly competitive markets. UW-River Falls has been specializing in new and leading-edge fields that are based on strong student and employer demand such as agricultural engineering and environmental engineering; biomedical and health sciences; neuroscience; data science and predictive analytics; and Montessori education, just to name a few. We are also excited to bring additional innovation and business collaboration to the region through the Science and Technology Innovation Center that has been supported for funding by this legislature. Being able to access the full amount of revenue that we garner from the large number of Minnesota students we educate will make it possible for us to continue investing in the innovative programs and delivering the high-quality education that the state and our students expect. As employers in our region look to us to help them fill their workforce and talent needs, UW-River Falls is uniquely poised to be a part of the solution, with our access to the large and diverse student market in the Twin Cities – but we will only be effective if we are able to fully capitalize on and reinvest the revenue we raise through the Minnesota-Wisconsin tuition reciprocity arrangement.

We hope that you will support SB-717 and in doing so, support campuses like UW-River Falls whose value to the state at this time in history cannot be underestimated.



ROB STAFSHOLT

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TO: Senate Committee on Universities & Technical Colleges
FROM: Senator Rob Stafsholt
DATE: February 10, 2022
SUBJECT: Testimony in Favor of Senate Bill 717

Thank you, Chairman Roth and members of the Senate Committee on Universities and Technical Colleges for allowing me to testify in favor of Senate Bill 717.

Under current law, the Higher Education Aids Board is required to negotiate a tuition reciprocity agreement with the State of Minnesota. The agreement allows Wisconsin residents to attend Minnesota schools without paying nonresident (out-of-state) tuition and Minnesota residents the same opportunity to attend Wisconsin campuses at a reduced rate. That agreement is subject to Joint Committee on Finance passive review.

Senate Bill 717 maintains the Minnesota-Wisconsin Tuition Reciprocity Agreement and legislative review, but makes two important changes:

- Transfers negotiating authority from Higher Education Aids Board to UW System. The individual UW System campuses are the ones impacted by this agreement, therefore the UW System should be negotiating its provisions.
- The individual campuses will retain the differential tuition generated from Minnesota residents that attend their campuses. Currently, the difference in tuition 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.

These changes would generate additional revenue for UW System campuses by simply allowing each campus to retain all of the tuition dollars paid by Minnesota students on that campus. These simple changes to how tuition funds are allocated will have a significant on many UW System institutions. Specifically, in my district, UW-River Falls would benefit by over \$3 million and UW-Stout would benefit by over \$1.5 million.

Thank you, members. I ask for your support and would be happy to answer any questions.



SHANNON ZIMMERMAN

STATE REPRESENTATIVE • 30th ASSEMBLY DISTRICT

Senate Bill 717
Senate Committee on Universities and Technical Colleges
February 10, 2022

Thank you Chairman Roth and committee members for hearing testimony on Senate Bill 717 today. This legislation addresses Wisconsin-Minnesota tuition reciprocity for colleges and universities. SB 717 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 \$3 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.



UW-Superior Testimony, Senate Bill SB-717

The Minnesota-Wisconsin Tuition Reciprocity Agreement

Thank you, Chair Roth and committee members, for holding a hearing on SB-717 today. We would also like to thank the authors of this bill, Representative Zimmerman and Senator Staffsholt, and our campus' elected officials, Representative Milroy and Senator Bewley, for co-sponsoring this bipartisan legislation.

For over 125 years, our small but mighty campus of 2,600 students has been improving the lives and livelihoods of people in northwestern Wisconsin and beyond. We serve both in-person students with on-campus courses and programs, and the place-bound with online delivery, with programs that serve some of our state's greatest needs – teacher education, school psychology, computer science, transportation and logistics, water quality, and mental health counseling and wellbeing.

Located across the St. Louis Bay from Duluth, a major Minnesota population and tourist center, UW-Superior has benefited from the high number of Minnesota students that have enrolled on our campus. Roughly a third of our students currently hail from Minnesota and contribute to the fabric of our vibrant campus community. 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. They like it here. We want to keep them here. In the battle for talent, we want 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. For UW-Superior, this results in more than \$610,000 in additional tuition revenue. Under current law, UW-Superior nor any other UW System campus can keep this additional tuition. Instead, these funds go into the state's General Fund.

SB-717 will allow UW campuses to retain this additional tuition. Allowing these tuition funds to stay at their respective UW institution will allow campuses like UW-Superior to make further investments in educating our state's communities and current and future workforce through internship support, career development, rural outreach, and innovative industry driven programming.

Currently, the Wisconsin Higher Educational Aids Board negotiates the tuition reciprocity agreement with Minnesota. SB-717 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-717, the bill retains the requirement that JFC continue to sign off on the final negotiated agreement, ensuring a continuation of legislative involvement in this process.

Chair Roth and committee members, we hope you will support SB-717. It seems only logical that tuition funds stay at the institutions, to support campuses like Superior, as we deliver value and workforce to our great state. Thank you.



Senate Committee on Universities and Technical Colleges

2021 Senate Bill 717

Changes to the Minnesota-Wisconsin Tuition Reciprocity Agreement

February 10, 2022

Chairman Roth and members of the Senate Committee on Universities and Technical Colleges:

The University of Wisconsin–Madison thanks the committee for the opportunity to provide written testimony in support of Senate Bill 717, relating to changes to the Minnesota-Wisconsin Tuition Reciprocity Agreement. We also thank Senator Stafsholt and Representative Zimmerman 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 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. 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 \$12.5 million in tuition paid by Minnesota students for the 2020-21 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 717 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 JFC passive review process.

Office of University Relations

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This bill would generate additional revenue for UW System campuses by simply allowing each campus to retain all of the tuition dollars paid by Minnesota students on that campus. 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's 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 written testimony on the impact this legislation would have on UW-Madison. If you have any questions, please reach out to UW-Madison Director of State Relations Crystal Potts at crystal.potts@wisc.edu or (608) 265-4105.