

Legislative Analysis



TUITION RECIPROCAL AGREEMENTS

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House Bill 4008 as enrolled

Public Act 34 of 2005

Sponsor: Rep. Bruce Caswell

House Committee: Higher Education and Career Preparation

Senate Committee: Education

Second Analysis (8-12-05)

BRIEF SUMMARY: The bill would fix the term of reciprocal agreements for higher education tuition at three years, and specify that the community or junior college tuition rate for out-of-state students would be the rate for in-state, out-of-district students.

FISCAL IMPACT: The bill would have no direct fiscal impact on state or local government. More frequent review of existing tuition reciprocity agreements by the two Appropriations committees could, however, result in changes to the provisions of those agreements that would have impacts on the revenues and/or expenditures of the institutions involved in the agreements.

THE APPARENT PROBLEM:

Tuition reciprocity agreements allow Michigan students in certain counties to be eligible for reduced tuition at out-of-state institutions. In return, students in other states or jurisdictions can take advantage of reduced tuition at certain Michigan institutions. As of April 2005, there were six reciprocity agreements—three with schools in Ohio, two with schools in Wisconsin, and one with a school in Ontario, Canada. See [Background Information](#) below. Each agreement varied in scope and terms—some automatically renewed themselves, others expired at times to coincide with another state's budget cycle.

During the 2003-04 legislative session, the members of the Appropriations Subcommittee on Community Colleges included language in the Fiscal Year 2004-2005 community college budget (Public Act 358 of 2004) to limit the length of time a reciprocity agreement could be in effect to three years. Some have argued the Reciprocal Exchange of Educational Services Act should also be amended, both to limit the duration of any agreement and to set the tuition rate that out-of-state students will pay when they attend Michigan community colleges.

THE CONTENT OF THE BILL:

Public Act 251 of 1972 provides for the reciprocal exchange of higher education services between states and allows out-of-state students to enjoy tuition rates below typical out-of-state tuition. House Bill 4008 would specify that a reciprocal agreement could not establish an indefinite term or establish a fixed term of more than three years. If a

reciprocal agreement provided for renewal or extension of the agreement, that provision could not provide for an automatic renewal or extension, establish an indefinite term for renewal or extension, or establish a fixed term of more than three years for any renewal or extension.

Further, the bill says the tuition rate for a student attending a community or junior college in Michigan under a reciprocal agreement would be the rate for in-state, out-of-district students.

Also, the term "reciprocal agreement" would be amended so as to apply to a contractual arrangement that renews or extends an existing reciprocal agreement.

Currently under the law, a reciprocal agreement can include provisions to reduce or waive nonresident tuition and fees for residents of the states of Wisconsin, Illinois, Indiana, and Ohio, as well as the Province of Ontario, if they are admitted to designated public institutions of higher education in Michigan. The reciprocal agreements are entered into by the Department of Labor and Economic Growth; however, they are not valid until approved by the Appropriations committees of the House and Senate. The bill would retain these provisions. In addition, the bill would require that a renewal or extension of a reciprocal agreement also would have to be approved by the Appropriations committees in order to be valid.

MCL 390.501 – 390.505

BACKGROUND INFORMATION:

As of April 2005, there were six tuition reciprocity agreements approved under the provisions of Public Act 251 of 1972:

- Bay de Noc and Gogebic Community Colleges — Wisconsin Northeast Vocational Technical and Adult Education District
- Bay de Noc and Gogebic Community Colleges — University of Wisconsin Center — Marinette County
- St. Clair County Community College — Lambton College of Applied Arts and Technology (Lambton County, Ontario)
- Eastern Michigan University — University of Toledo (Ohio)
- Jackson Community College — Northwest State Community College (Henry County, Ohio)
- Monroe Community College — Owens Community College (Toledo, Ohio)

Provisions addressing eligible residents, programs included under the agreements, tuition rates paid by participating students, and other topics vary considerably among the different agreements. The three agreements with Ohio institutions were all effective for

the period of July 1, 2003 to June 30, 2005. The remaining three agreements were automatically renewing and had not come up for review and approval by the House and Senate Appropriations committees since the 1980s (1981 for the two Bay de Noc agreements; 1988 for the St. Clair County agreement).

ARGUMENTS:

For:

Reciprocal tuition agreements should be regularly reviewed by college officials and members of the appropriations committees (now term-limited) to ensure fairness, if not uniformity, in the tuition rate students pay.

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