



Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #805

Levy Limits and State General Aid to Technical College Districts (WTCS)

[LFB 2011-13 Budget Summary: Page 533, #4 & #5]

CURRENT LAW

The Wisconsin Technical College System (WTCS) receives its funding from three major sources: property taxes, tuition and fees, and state aid. In 2009-10, WTCS districts collected property tax revenue of \$742.6 million (65.2%), tuition and fees revenue of \$259.0 million (22.3%), and direct state aid of \$137.0 million (12.0%). Additional sources of revenue include self-financing operations, debt proceeds, and contracted services to business and industry. WTCS receives federal funding primarily in the form of financial aid to students, which totaled \$333.4 million in 2009-10 and is partially included in the tuition revenues total.

State aid is provided to WTCS districts in the form of unrestricted general aid and through categorical aids that support specific programs or services. In 2010-11, \$119,335,600 GPR is appropriated for state general aids and \$17.6 million GPR and \$1.2 million PR is appropriated for various categorical aid programs. General aids are distributed through a partially equalizing formula that takes into account each of the 16 districts' costs, full time equivalent (FTE) students, and equalized property valuation.

Current law limits the property taxes a technical college district board can levy for most purposes to \$1.50 per \$1,000 (1.5 mills) of the district's equalized property valuation. This portion of the levy is known as the operational mill rate. The mill limitation is not applicable to the purpose of paying principal and interest on valid bonds and notes.

Capital expenditures in excess of \$1,500,000 must be approved by referendum, excluding remodeling or improvement projects and expenditures financed with gifts, grants, or federal funds. A referendum is also required if a district proposes to borrow in excess of \$1,500,000 for remodeling or improvement projects. District boards are prohibited from spending more than \$1,000,000 in reserve funds consisting of property taxes, and investment earnings on those revenues, to finance capital projects in excess of \$1,500,000. A district's total bonded indebtedness may not exceed 2% of its equalized property valuation.

GOVERNOR

Reduce funding for state general aid to technical colleges by \$35,800,700 annually, from base level funding of \$119,335,600, which would represent a reduction of 30%.

Prohibit a technical college district board's tax levy in 2011 and in 2012 from exceeding the district board's tax levy in 2010. Taxes levied for the purpose of paying principal and interest on valid bonds and notes would be excluded from this limit.

Provide that if the WTCS Board determines that a district board imposed in 2011 or 2012 a levy in excess of its 2010 levy, then the WTCS Board must do all of the following: (a) reduce the amount of state aid payments to the district board in the school year in which the district board imposed the excess levy by an amount equal to the amount of the excess levy; (b) ensure that the amount of any reductions in state aid lapses to the general fund; (c) ensure that the amount of the excess levy is not included in determining the limit for the following year; and (d) ensure that, if a district board's excess levy exceeds the amount of state aid that may be reduced, then the excess amount is subtracted from state aid payments in the following years until the total amount of the excess levy is subtracted from state aid payments.

Provide that the Department of Revenue could issue a finding that a district board is not liable for a state aid penalty that would otherwise be imposed if the Department determines that the district board's excess levy is caused by one of the following clerical errors: (a) the Department, through mistake or inadvertence, has assessed to any county or taxation district, in the current year or in the previous year, a greater or lesser valuation for any year than should have been assessed, causing the district board's levy to be erroneous in a way that directly causes an excess levy; or (b) a taxation district clerk or county clerk, through mistake or inadvertence in delivering the tax roll, causes a district board's levy to be erroneous in a way that directly causes an excess levy.

DISCUSSION POINTS

1. Of the \$275.2 million in total state aid appropriated to WTCS districts in the 2009-11 biennium, \$238.7 million (86.7%) is distributed as general unrestricted aids through a cost-sharing formula designed to partially equalize the fiscal capacities of the 16 WTCS districts. Districts with less property valuation behind each student receive a higher percentage of their aidable costs through the formula because they are less able to generate as much property tax revenue at a given mill rate than districts with higher property valuations. In addition to partially equalizing the revenue available for district programs, general aid is also provided as a form of property tax relief and to address district needs not met by categorical aids, particularly operational costs.

2. In its 2011-13 agency budget request, the WTCS Board requested an increase in general aid of \$5,500,000 in 2011-12 and \$8,500,000 in 2012-13, a 5.9% increase over the base year doubled. As proposed in the request, the additional funding would be used to expand programs at each college to serve an additional 5,500 students statewide. Initiatives proposed by each district would increase the number of graduates produced in fields including advanced manufacturing, health care, emergency response, and renewable energy.

3. The following table shows the amounts appropriated for general aids to WTCS districts and the ratio of general aids to aidable costs since 2001-02. Aidable costs represent expenditures, including debt service, associated with providing postsecondary, vocational-adult, and collegiate transfer programs that are funded by property taxes and state general aids.

	<u>State General Aids</u>		<u>Aidable Costs</u>		<u>Ratio of Aid to Cost</u>	<u>Change in CPI*</u>
	<u>Amount</u>	<u>% Change</u>	<u>Amount</u>	<u>% Change</u>		
2001-02	\$118,415,000	--	\$598,842,862	--	19.8%	2.8%
2002-03	118,415,000	0.0%	631,725,473	5.5%	18.7	1.6
2003-04	118,415,000	0.0	666,710,083	5.5	17.8	2.3
2004-05	118,415,000	0.0	696,154,218	4.4	17.0	2.7
2005-06	118,415,000	0.0	710,594,304	2.1	16.7	3.4
2006-07	117,815,000	-0.5	723,358,432	1.8	16.3	3.2
2007-08	118,415,000	0.5	761,517,440	5.3	15.5	2.9
2008-09	118,415,000	0.0	787,347,196	3.4	15.0	3.8
2009-10	119,335,600	0.8	797,879,644	1.3	15.0	-0.4
2010-11	119,335,600	0.0	858,479,226	7.6	13.9	1.6

*Changes in CPI-All Urban Consumers for calendar years 2001 through 2010.

4. As the table indicates, state general aid as a share of aidable costs has declined over the past decade from 19.8% in 2001-02 to an estimated 13.9% in 2010-11. Going back another decade, in 1991-92, state general aid (totaling \$96.0 million) was equal to 28.5% of aidable costs (\$339.5 million). If general aids were decreased according to the Governor's recommendation and aidable costs were to increase by 2.0% per year, the state's share of aidable costs would decline to 9.4% by the end of the 2011-13 biennium. Over the past decade, aidable costs have increased an average of 3.7% annually. This rate exceeded the rate increase in the consumer price index in seven of the past 10 years. On the other hand, WTCS cost increases are in line with national averages, as measured by the higher education price index, a measure of the average relative cost of a fixed set of goods and services typically purchased by colleges and universities, excluding research. The higher education price index averaged 3.7% from 2001 to 2010.

5. A number of factors contribute to district cost increases. Employee contract settlements and the need to compensate instructors at levels competitive with what they would earn in the private sector are cited as cost drivers. Increased demands on existing programs, including information technology and advanced manufacturing, and changes in the workplace, have resulted in investments by districts in emerging technology and more flexible hours of instruction.

6. Response to fluid regional workforce demands sometimes present unexpected costs. For example, Northeast Wisconsin Technical College preliminarily budgeted \$1.5 million in operations next year in order to provide training for 1,000 new skilled workers for Marinette Marine's recently announced expansion. The college has added eight sections of welding classes over the past four years due to other workforce demands, and it estimates that each additional section costs the college \$111,400 while generating only \$59,100 in tuition revenue. The eight additional sections therefore added costs of \$418,400.

7. The Governor's budget recommendations include a decrease in state general aid of

\$35.8 million annually in 2011-12 and 2012-13, from base level funding of \$119.3 million. The following table shows estimated state aid payments for 2011-12 using base level funding, compared with estimates for aid payments under the Governor's recommended aid level.

	2011-12 Base Funding <u>Projection</u>	2011-12 Governor's Budget <u>Projection</u>	<u>Change</u>
Blackhawk	\$4,610,800	\$3,227,600	-\$1,383,200
Chippewa Valley	7,029,600	4,920,700	-2,108,900
Fox Valley	12,045,200	8,431,700	-3,613,500
Gateway	7,256,000	5,079,200	-2,176,800
Lakeshore	3,337,200	2,336,000	-1,001,200
Madison Area	15,769,500	11,038,600	-4,730,900
Mid-State	3,291,000	2,303,700	-987,300
Milwaukee Area	23,862,100	16,703,300	-7,158,800
Moraine Park	4,435,200	3,104,700	-1,330,500
Nicolet Area	667,200	467,000	200,200
Northcentral	7,116,000	4,981,200	-2,134,800
Northeast WI	11,597,900	8,118,500	-3,479,400
Southwest WI	3,477,900	2,434,600	-1,043,300
Waukesha Co.	4,601,400	3,221,000	-1,380,400
Western	7,458,800	5,221,200	-2,237,600
WI Indianhead	<u>2,779,800</u>	<u>1,945,900</u>	<u>-833,900</u>
Total	\$119,335,600	\$83,534,900	-\$35,800,700

8. This 30% reduction in the primary appropriation for state aid to technical colleges would reduce flexibility to respond quickly to changing regional workforce needs, and could not be recovered through property tax increases under the levy limit also proposed under the budget bill. On the other hand, general aid is a relatively small proportion of overall revenues to technical colleges.

9. The Wisconsin Technical College System receives its funding from three major sources: property taxes, tuition and fees, and state aid. The breakdown of these three sources of revenue is shown in the table below. The property tax figures include both the operational levy and the levy for debt service. Excluded from this table are additional sources of revenue including self-financing operations, debt proceeds, funds from other state agencies, and contracted services to business and industry. WTCS also receives federal funding, primarily in the form of financial aid to students, which totaled \$333.4 million in 2009-10 and is partially included in the tuition revenues shown in the table.

	<u>Actual</u> <u>2009-10</u>	<u>Estimated</u> <u>2010-11</u>
Property Taxes	\$742.6	\$757.0
Tuition and Fees	259.0	285.0
State Aid	<u>137.0</u>	<u>137.0</u>
	\$1,138.6	\$1,179.0

10. Tuition revenues offset a relatively small portion of operational costs. Historically, technical colleges have had low tuition, in order to preserve affordability and promote access to postsecondary education. Technical colleges were originally trade schools established as part of the public school system, and were free of charge until 1975. Under current law, tuition for state residents enrolled in postsecondary/vocational programs must equal at least 14% of the estimated statewide operational cost of these programs. For collegiate transfer courses, tuition must equal at least 31% of statewide operational costs for such programs. This percentage was originally set for comparability with resident tuition at the two-year UW Colleges. However, the WTCS Board may set either percentage higher in order to generate more revenue. The following table shows per credit WTCS resident tuition since 2000-01.

	<u>Postsecondary/ Vocational</u>	<u>Percent Change</u>	<u>Collegiate Transfer</u>	<u>Percent Change</u>
2000-01	\$61.50	--	\$85.90	--
2001-02	64.00	4.1%	90.00	4.8%
2002-03	67.00	4.7	94.00	4.4
2003-04	70.00	4.5	97.00	3.2
2004-05	76.00	8.6	103.00	6.2
2005-06	80.50	5.9	109.10	5.9
2006-07	87.00	8.1	117.90	8.1
2007-08	92.05	5.8	124.70	5.8
2008-09	97.05	5.4	131.50	5.5
2009-10	101.40	4.5	136.10	3.5
2010-11	105.96	4.5	142.22	4.5
2011-12	111.85	5.5	150.00	5.5

11. In 2011-12, the postsecondary/vocational tuition rate was set to recover 21.9% of costs. As the table shows, since 2000-01, tuition for postsecondary/vocational programs has increased 81.9%, and will equal \$3,355.50 annually for a full time student in 2011-12. The collegiate transfer rate was set to recover 48.5% of costs in 2011-12. Since 2000-01, collegiate transfer tuition has increased 74.6%, and will total \$4,500 annually for a full-time student in 2011-12. Still, it could be argued that tuition at technical colleges remains relatively affordable and, if technical colleges require more revenue, then the System Board could set tuition at sufficient rates to recover a greater percentage of operational costs.

12. The property tax is the largest source of revenue for the technical college system, totaling \$742.6 million in 2009-10. Through 2008, increases in property values allowed most districts to levy below the 1.5 mill rate limit for the operational levy. However, in 2010-11, after two years of declines in statewide property values, five districts (Fox Valley, Milwaukee, Northcentral, Southwest, and Western) had a tax rate at the mill limit and one district had a mill rate of 1.44 mills, while the remaining 10 districts had mill rates ranging from 0.96 to 1.38. The statewide average was 1.29 mills. Debt service levies ranged from 0.13 mills to 0.62 mills in 2010-11, and the statewide average was 0.28 mills. Operational and debt levy rates by district are shown below. Amounts are shown in millions of dollars.

District	2009-10				2010-11					
	Operational Levy		Total Including Debt		Operational Levy			Total Including Debt		
	Amount	Mill Rate	Amount	Mill Rate	Amount	% Change	Mill Rate	Amount	% Change	Mill Rate
Blackhawk	\$16.03	1.34	\$20.75	1.70	\$15.89	-0.89%	1.38	\$19.89	-4.15%	1.73
Chippewa Valley	28.26	1.35	34.76	1.66	29.60	4.74	1.44	36.10	3.86	1.76
Fox Valley	50.65	1.50	57.97	1.72	50.24	-0.80	1.50	59.72	3.02	1.78
Gateway	49.24	1.12	56.20	1.28	51.16	3.90	1.22	58.34	3.80	1.39
Lakeshore	17.36	1.20	21.59	1.49	17.71	2.05	1.26	21.96	1.72	1.56
Madison Area	85.38	1.18	94.92	1.31	92.93	8.83	1.33	103.23	8.75	1.47
Mid-State	15.81	1.26	19.32	1.54	16.37	3.55	1.33	20.19	4.50	1.64
Milwaukee Area	120.32	1.50	148.60	1.91	111.50	-7.33	1.50	142.64	-4.01	1.92
Moraine Park	29.24	1.16	35.02	1.39	30.15	3.10	1.22	36.00	2.80	1.46
Nicolet Area	17.69	0.93	20.06	1.06	18.09	2.29	0.98	20.47	2.02	1.11
Northcentral	23.03	1.47	29.89	1.91	23.04	0.04	1.50	30.36	1.56	1.98
Northeast WI	41.31	1.11	57.46	1.54	43.64	5.63	1.19	59.11	2.87	1.61
Southwest WI	11.01	1.46	16.01	2.13	11.17	1.38	1.50	15.81	-1.30	2.12
Waukesha Co.	52.11	0.99	60.64	1.16	53.64	2.94	1.06	62.43	2.95	1.23
Western	25.17	1.50	33.38	1.99	24.99	-0.70	1.50	34.09	2.13	2.05
WI Indianhead	<u>30.34</u>	0.89	<u>36.03</u>	1.06	<u>31.28</u>	3.08	0.96	<u>37.04</u>	2.80	1.14
Statewide	\$612.95	1.24	\$742.59	1.50	\$621.39	1.38%	1.29	\$757.34	1.99%	1.58

13. In past years, some have argued that the ability of technical college districts to increase the property tax levy was a reason to maintain a relatively low level of state funding. However, under the budget bill, technical college operating levies would be frozen at the 2010-11 levy amount for 2011-12 and for 2012-13. Because technical college budgets are not yet set for 2011-12, it is not possible to predict what districts would levy in 2011-12 in the absence of the proposed levy freeze. From 2006-07 through 2010-11, the operating levy increased each year. The amount of the increase in the WTCS operating levy ranged from \$21.7 million in 2009-10 to \$30.2 million in 2008-09, compared to the prior years. However, between 2009-10 and 2010-11, the operating levy increased by only \$8.4 million on a statewide basis. Operating levies in 2010-11 reflect the impact of decreasing property values, with the levy for the Milwaukee Area Technical College being reduced by \$8.8 million compared to 2009-10.

14. Under the bill, the 2010-11 amounts represent the maximum amount that each district could levy in the coming biennium. In the case of those districts experiencing a loss in property value, and that are already levying the maximum 1.5 mill rate, the amounts levied could decrease again in 2011-12, rather than remain at the 2010-11 amount. If property values were to recover, or if new construction were to increase the tax base, however, the colleges would be prohibited from collecting taxes on that increased value. Additionally, some colleges have argued that the freeze interferes with plans to shift debt levy to operational levy. When a debt issuance is fully repaid this year and the debt levy decreases as a result, at least one college had planned to raise its operating levy by an equal amount, to provide additional operating revenue without raising overall property taxes.

15. Compared to property tax limits applicable to other local governmental units, the WTCS limit is more restrictive. Under current law, a school district is permitted to increase its revenue limit authority, on a recurring or non-recurring basis, if the school board adopts a resolution to that effect and the electors of the school district approve the resolution in a referendum. Similarly,

under the levy limit applicable to cities, villages, towns, and counties under the budget bill, the limit may be exceeded if the local government adopts a resolution to that effect and the electors of the municipality or county approve the resolution in a referendum. Although not provided by the Governor's budget recommendations, one alternative would be to create a referendum procedure, whereby a technical college district board could increase its levy if the electors of the district approve such an increase via referendum.

16. In addition, a number of exclusions and adjustments to the revenue limits applicable to school districts and levy limits applicable municipalities and counties are specified in statute. In addition to exclusions for debt service, exemptions for municipalities and counties include funding for county children with disabilities boards, payments to adjacent counties for library services, certain joint fire department charges, and town culvert and bridge construction and repair. School district revenue limit adjustments include exemptions for declining enrollment, community service programs, and energy efficiency measures. As debt service is already excluded from the mill rate limit applicable to technical colleges under current law, debt service is the only exemption granted to WTCS under the budget bill.

17. As part of 2011 Act 10, the Governor's budget repair legislation, most public employees would be required to pay at least 12.6% of their health insurance premiums and 5.8% of gross salary for pension contributions. According to information collected by System staff, for employee health contributions in 2010-11, technical colleges will collect \$6.4 million, with contributions ranging from zero to 10% of premium costs currently. Some colleges have renegotiated contracts or signed new contracts with represented employees, in order to increase employee health insurance payments. Statewide, it is estimated that the colleges will increase premium contributions from employees to generate savings of \$2.6 million in 2011-12 and \$4.8 million in 2012-13, compared to the current year. For the Wisconsin Retirement System, none of the colleges currently collect employee contributions. All 16 colleges will collect at least a portion of the amount that would be required under Act 10 in the next biennium. Seven colleges will collect the full 5.8% of salary in 2011-12, and 10 colleges will collect the full employee pension contribution by 2012-13. Estimated savings from pension contributions will total \$19.2 million in 2011-12 and \$24.4 million in 2012-13. Taken together with health premium contributions, total savings could equal up to \$21.8 million in 2011-12 and \$29.3 million in 2012-13.

18. While substantial savings will be generated from increased employee fringe benefit contributions, savings would not necessarily equal the amount of the state aid reduction for a particular college, depending on the college's aidable costs and equalized property value relative to all other technical colleges, as well as the amount of savings achieved. In addition, foregone revenue from property taxes would be in addition to state aid reductions. The following table shows the estimated reduction in state aid under the Governor's bill for each technical college, as well as preliminary estimates of savings from employee contributions to pension and health insurance costs. Amounts are shown in millions of dollars.

	2011-12 Estimated General Aid <u>Reduction</u>	2011-12 Preliminary Estimates of Employee Pension and <u>Health Contributions</u>	2012-13 Preliminary Estimates of Employee Pension and <u>Health Contributions</u>
Blackhawk	-\$1.31	\$1.08	\$1.08
Chippewa Valley	-2.22	0.34	2.17
Fox Valley	-3.67	0.68	0.94
Gateway	-2.22	0.45	3.43
Lakeshore	-0.95	1.03	1.03
Madison Area	-4.73	4.73	4.76
Mid-State	-1.06	0.35	0.80
Milwaukee Area	-7.56	3.53	3.75
Moraine Park	-1.21	0.67	0.67
Nicolet Area	-0.19	0.18	0.96
Northcentral	-1.98	0.30	1.14
Northeast WI	-3.44	2.66	2.76
Southwest WI	-1.03	0.70	0.70
Waukesha Co.	-1.27	2.20	2.20
Western	-2.20	1.58	1.58
WI Indianhead	<u>-0.76</u>	<u>1.30</u>	<u>1.30</u>
Total	-\$35.80	\$21.78	\$29.27

19. Further, the administration indicates that while reductions in state aid and levy limits will reduce local government budgets, a number of current law requirements were deleted or modified under the budget bill in order to provide mandate relief and budgeting flexibility. However, there is no 'mandate relief' provided for technical colleges. By statute, technical colleges are required to provide a number of educational services free of charge, including firefighter training, adult basic education, and courses for the visually and hearing impaired. Adult basic education includes courses leading to general educational development (GED) or high school equivalency diplomas and refresher courses for dislocated workers who need basic mathematics, English, or computer literacy skills before they can begin postsecondary courses. Technical colleges expended approximately \$80.6 million for these non-post-secondary courses in 2009-10, and only a small portion of these costs are reimbursed by the state.

20. The incentive grants categorical aid program is used, in part, to reimburse costs related to basic skills. In 2009-10, the System Board awarded a total of 33 grants for programs in basic skills, adult literacy, and adult basic education, which together totaled \$3.4 million. (The remaining incentive grants funding, \$2.6 million, was awarded for new and emerging occupations training programs.) At least six colleges plan to reduce basic skills offerings in the next biennium, despite relatively high enrollment levels of displaced workers, due to budget constraints. One alternative would be to increase funding for incentive grants in order to offset a larger portion of the costs of providing basic education. Base level funding of \$6,418,300 GPR annually is provided in a continuing appropriation for incentive grants. In its 2011-13 agency budget request, WTCS requested an increase of \$7,000,000 GPR annually for incentive grants in order to provide services to dislocated workers in areas with high unemployment rates, and to provide basic skills training for students unprepared for college-level courses.

21. For fire training, \$600,000 PR annually in fire dues program revenue is appropriated to WTCS to reimburse colleges for the costs of fire training programs. By statute, fire training must be provided free of charge to all paid and volunteer fire departments. However, in recent years, the reimbursement appropriation has been level-funded, while costs to districts increased to approximately \$3.5 million in 2009-10, which provided over 6,000 credit hours in fire training. Because reimbursements are insufficient and no fees may be charged, colleges increasingly either must offer fewer fire training courses, raise property taxes, or make reductions to other postsecondary and vocational programs, in order to subsidize fire department training.

22. Alternatively, the law could be modified to allow technical college district boards to charge fire departments fees to cover a portion of the costs for courses that are not reimbursed with fire dues revenue. For example, postsecondary/vocational tuition in 2011-12 will equal \$112 per credit, which is projected to recover 21.9% of average operational costs for postsecondary/vocational programs. On average, such a change would provide approximately double the reimbursement WTCS districts currently receive, depending on the number of credits taken and costs incurred. On the other hand, it is possible that, given levy limits and reduced state aid to local governments under the budget, charging fire departments for training could further strain reduced local budgets.

23. Another alternative would be to provide technical colleges with some degree of flexibility in the levy, within the constraints of the current law 1.5 mill rate limit. For each 0.5% increase in the operational levy, statewide property taxes would rise approximately \$2.0 million in 2011-12, compared with 2010-11, as the five districts currently at the mill rate limit would see no increase. An increase of 2.0% would provide a percentage change roughly equivalent to the change in the consumer price index, and would total approximately \$8.0 million in 2011-12 on a statewide basis.

24. Technical colleges have indicated that they will employ a variety of strategies to manage their budgets for 2011-12. In addition to changes in employee compensation packages at all 16 colleges, 14 colleges will reduce budgets for non-instructional purposes, including administration, travel, faculty professional development, IT upgrades, facilities maintenance, or other institutional expenses. Although all 16 colleges have at least some waiting lists, ranging from 1 or 2 semesters to five to seven years (most often in high-demand healthcare occupations, welding, and technical automotive programs), a majority have indicated that they might reduce instructional services to some extent in the coming biennium. According to information collected by System staff, programs with lower enrollments could be discontinued, and 14 colleges plan to layoff faculty and staff or leave vacant positions unfilled in order to manage their budgets. Twelve colleges plan to limit or reduce enrollments, or lengthen wait lists, in order to reduce costs and avoid hiring additional faculty.

25. Historically, WTCS has experienced increased demand during times of economic recession or high unemployment. Unemployment rates in Wisconsin, while improving, remain at relatively high levels. The March, 2011, the seasonally adjusted unemployment rate was 7.4%, down 1.6 percentage points from March, 2010, but still elevated compared to March, 2008, when unemployment was 4.8% in Wisconsin, prior to the crash in financial markets and ensuing economic downturn. Meanwhile, statewide FTE enrollments increased from 69,631 in 2007-08 to 81,403 in 2009-10, an increase of 16.9% overall. Estimates for 2010-11 are similar to enrollments in

2009-10. Some colleges experienced larger percentage increases, especially Blackhawk, which has enrolled large numbers of dislocated workers since the Janesville General Motors plant closed. Enrollment there increased from 1,905 FTE in 2007-08 to 2,915 FTE in 2009-10.

26. On the other hand, the proposed reduction in general aids would be one of many reductions in GPR-funded programs under the Governor's budget, based on the policy view that the general fund can no longer support these programs at their current spending levels. State agencies and local governments are being directed to operate with less GPR support, and other major programs, including school aids, shared revenue, and the University of Wisconsin System, would be reduced as well. Unlike public schools, for example, technical colleges do have the option to reduce their enrollments when necessary to manage their operational budgets.

ALTERNATIVES

A. State Aid to Technical Colleges

1. Approve the Governor's recommendation to reduce state aid to technical colleges by \$35,800,700 annually, from annual base level funding of \$119,335,600, which would represent a reduction of 30%. State aid to technical colleges would equal \$83,534,900 annually in 2011-13.

2. Modify the Governor's recommendation to provide \$10,000,000 GPR annually, to restore a portion of the proposed reduction for technical colleges. Under this alternative, the net reduction in general aid would be \$25,800,700 annually, which would be comparable to the estimated pension and health insurance contribution from district employees. General aid would be reduced under this alternative to \$93,534,900 annually.

ALT A-2	Change to Bill Funding
GPR	\$20,000,000

3. Modify the Governor's recommendation to provide \$23,867,100 annually to restore a portion of the proposed reduction for technical colleges. Under this alternative, the net reduction in general aid for technical colleges would be \$11,933,600 annually, which would be a 10% annual reduction, equal to the percentage reduction applied to many GPR school aid appropriations under the budget bill. General aid would be reduced under this alternative to \$107,402,000 GPR annually.

ALT A-3	Change to Bill Funding
GPR	\$47,734,200

4. Delete the provision. This alternative would restore base level funding for state aid to technical colleges.

ALT A-4	Change to Bill
	Funding
GPR	\$71,601,400

B. Levy Limits for Technical Colleges

1. Approve the Governor's recommendation to prohibit a technical college district board's tax levy in 2011 and in 2012 from exceeding the district board's tax levy in 2010. Taxes levied for the purpose of paying principal and interest on valid bonds and notes would be excluded from this limit.

2. Modify the Governor's recommendations to provide that a technical college district board's operational tax levy in 2011 and in 2012 could not exceed the board's tax levy in the prior year plus a set percentage, specified below. For each 0.5% increase, statewide property taxes could rise approximately \$2.0 million annually.

- a. Provide a 0.5% increase in the levy over the prior year.
- b. Provide a 1.0% increase in the levy over the prior year.
- c. Provide a 1.5% increase in the levy over the prior year.
- d. Provide a 2.0% increase in the levy over the prior year.

3. Modify the Governor's recommendation to provide that technical colleges would be permitted to request operating levy authority above the amount levied by the board in 2010 through referendum, similar to the current law requirement for school districts to exceed their revenue limit. Create a procedure similar to the current law debt levy referendum procedure for this purpose.

- 4. Delete the provision, which would retain current law.

C. Funding for Statutorily-Required Programs

1. Modify current law to permit technical colleges to charge program fees to fire departments for fire training programs. Provide that fees could not exceed the per-credit tuition rate applicable for other postsecondary/vocational courses in the current year.

2. Provide \$7,000,000 GPR annually to increase funding for incentive grants to provide basic skills education to dislocated workers. Base level funding is \$6,418,300.

ALT C-2	Change to Bill
	Funding
GPR	\$14,000,000

- 3. Take no action.

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