

# Wisconsin Technical College System



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# Wisconsin Technical College System

The nation's first system of vocational, technical and adult education was established in Wisconsin in 1911. The purpose of the system was to provide part-time educational opportunities for youth and adults who were not enrolled in either secondary or post-secondary schools. The original vocational systems were run by public school systems or by separate, citywide technical school districts. However, by 1965, a statewide system had been developed which consisted of two interacting components, the State Board of Vocational, Technical and Adult Education and local vocational college districts, which shared responsibility for the system.

In 1994, the name of the system was changed to the Wisconsin Technical College System under the provisions of 1993 Act 399. The system is divided into 16 districts, which are shown in Appendix III, and has 48 main and satellite campuses that serve over 362,000 people annually.

This paper is divided into two sections and contains three appendices. The first section provides an overview of system organization, programs and enrollments. The second section describes how the system is financed. The appendices provide additional information on the general aid formula and the calculation of student tuition.

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## System Overview

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Governance of the Wisconsin Technical College System (WTCS) is shared between the WTCS Board and the individual district boards. Each level has statutory responsibilities that are interconnected in many ways. The WTCS Board

is responsible for planning and coordinating the system's programs and activities. The district boards are responsible for local planning, budgeting, curriculum and course development, and program implementation. Many district activities are performed in consultation with the WTCS Board or require Board approval to ensure consistency statewide.

## WTCS Board Organization

The WTCS Board consists of 13 members: (a) an employer; (b) an employee; (c) one farmer; (d) the State Superintendent of Public Instruction or a designee; (e) the Secretary of Workforce Development, or a designee; (f) the President of the University of Wisconsin Board of Regents, or a designee from among the Regents; (g) six public members; and (h) one student. The employer, employee, farmer, and public members are appointed by the Governor for staggered, six-year terms. The student member is appointed by the Governor for a two-year term.

An administrative staff of 58 full-time equivalent positions is authorized for the Board. The staff is headed by a State Director (commonly known as the System President) who is appointed by the Board. There are two division administrator positions and an executive assistant.

The Board's major statutory responsibilities are to:

- Hire a System President and staff.
- Initiate, develop, maintain, and supervise programs with specific occupational orientations below the baccalaureate level.
- Determine the organization, plan, scope,

and development of technical colleges.

- Review and approve district proposals to develop or eliminate programs and courses of study offered by districts.
- Distribute state aid to districts and audit district financial and enrollment data required for aid calculations.
- Review and approve district grant applications and facility proposals.
- Establish uniform program fees (tuition) and materials fees for students.
- Certify district educational personnel.
- Coordinate with the Department of Public Instruction in assisting local school boards in the establishment of technical preparation programs in each public high school.
- Establish general policies and procedures regarding travel and expenses, procurement, personnel, and service contracts for the district boards.

### **District Board Organization**

Each WTCS district is governed by a nine-member board which, excluding the board of the Milwaukee Area Technical College, must include two employers, two employees, three public members, a school district administrator, and an elected official who holds state or local office. No two members may be officials of the same unit of government, nor may any member be on the school board that employs the school district administrator. Of the three public members, no more than two may be employers and no more than two may be employees, no more than three may be school district administrators, and no more than three may be elected officials. Board members serve staggered three-year terms.

For the Milwaukee district board, under 2011 Act 286, seven of the nine members must be residents of Milwaukee County. Five members must

represent employers, three of whom must represent employers with 15 or more employees, and two of whom must represent employers with 100 or more employees. In addition, at least two members must represent employers who are manufacturing businesses. Finally, the Milwaukee board must include one school district administrator, one state or local elected official, and two additional members.

Appointments to the district boards are made by local committees that consist of county board chairs in 13 districts and school board presidents in two (Southwest, and Fox Valley). In general, whether the committee consists of the county board chairs or school board presidents is determined by which body originally initiated the formation of the district. The exception is that for Milwaukee, under 2011 Act 286, the appointment committee consists of the Milwaukee county executive and the chairpersons of the Milwaukee, Ozaukee, and Washington county boards. Prior to Act 286, the district's school board presidents composed the Milwaukee appointment committee. The appointment committee must develop a plan of representation for board membership that gives equal consideration to the general population distribution and to the distribution of minorities and women within the district. In addition, the plan for Milwaukee must give equal consideration to the distribution of minorities within the City of Milwaukee.

After the plan of representation is developed, the appointment committee may accept names for board appointment from district residents. The committee must hold a public hearing to discuss the appointment of a new board member. District board appointments are also reviewed by the WTCS Board. If the appointment committee cannot, within 30 days of its first meeting, develop a representation plan and appoint a district board, the WTCS Board is required to do both.

The major statutory duties of district boards are to:



- Hire a district president, staff, and teachers.
- Develop or eliminate programs and courses, with WTCS Board approval.
- Develop an annual budget and set a property tax levy within statutory limits.
- Seek and obtain federal and foundation grants.
- Provide educational programming, financial aid, guidance, and job placement services.
- Enter into contracts to provide educational or fiscal and management services.
- Develop a capital building program, subject to certain statutory restrictions.

### **Programs and Enrollments**

Current law identifies the principal purposes of the WTCS as providing: (a) occupational education and training/retraining programs; and (b) customized training and technical assistance to business and industry. The additional purposes of the system are to provide: (a) courses to high school students through contracts with secondary schools; (b) a collegiate transfer program; (c) community services and avocational or self-enrichment courses; (d) basic skills education; and (e) education and services to minorities, women, and handicapped or disadvantaged individuals.

The types of educational programs through which the system fulfills its purposes are classified as follows:

**Post-Secondary.** Full-time programs that are comprised of:

*Collegiate Transfer.* A two-year program in which the liberal arts credits earned by students may be transferred to a four-year university and applied towards a baccalaureate degree. In 2011-

12 five districts offered such a program (Chippewa Valley, Madison, Milwaukee, Nicolet and Western) and state law limits the program's size to no more than 25% of the total credit hours offered by the district.

*Associate Degree.* A two-year, post-high school program with specific course requirements established by the WTCS Board.

*Technical Diploma.* A one- or two-year program with specific course requirements established by the WTCS Board.

*Registered Apprenticeships.* A combination of from two to five years of on-the-job training and classroom-related instruction.

**Continuing Education.** Part-time programs that are comprised of vocational-adult, basic skills education, and district/community services, which include avocational or hobby courses and activities offered with community groups.

Table 1 shows the number of full-time equivalent (FTE) students enrolled in the WTCS in the 2011-12 academic year, by program classification. The distribution of FTE students between program classifications varies, reflecting differences in program emphasis at each district. The proportion of a district's FTE students in post-secondary programs varies from a low of 81.5% (Lakeshore) to a high of 92.1% (Madison); the statewide average is 88.5%. Of the total FTE students enrolled in continuing education courses, 5,975 (66.3%) took courses primarily related to basic skills education and courses for hearing or visually impaired individuals. A total of 2,797 FTE students (31.0%) were enrolled in vocational-adult courses while 240 FTE students (2.7%) were enrolled in district/community service courses. The actual number of individuals enrolled in continuing education programs is significantly higher than the FTE count would suggest since each FTE student represents approximately 1,200 hours of instruction.

**Table 1: Full-Time Equivalent (FTE) Students 2011-12 Academic Year**

District	Post-Secondary				% of District Total	Continuing Education		Total	
	Collegiate Transfer	Associate Degree	Technical Diploma	Subtotal		FTEs	% of District Total	FTEs	% of State Total
Blackhawk	0	1,910	384	2,294	89.4%	271	10.6%	2,564	3.3%
Chippewa Valley	257	3,283	607	4,147	93.7	280	6.3	4,426	5.7
Fox Valley	0	6,045	650	6,695	89.3	806	10.7	7,501	9.6
Gateway	0	5,075	456	5,530	88.9	687	11.1	6,217	7.9
Lakeshore	0	1,598	237	1,835	81.5	417	18.5	2,252	2.9
Madison Area	3,806	5,083	939	9,827	92.1	844	7.9	10,672	13.6
Mid-State	0	1,879	275	2,154	92.0	187	8.0	2,341	3.0
Milwaukee Area	3,686	7,403	938	12,027	86.0	1,963	14.0	13,990	17.9
Moraine Park	0	2,205	609	2,814	89.7	324	10.3	3,138	4.0
Nicolet Area	293	521	154	968	85.2	168	14.8	1,136	1.5
Northcentral	0	2,791	354	3,145	84.1	594	15.9	3,739	4.8
Northeast WI	0	5,624	858	6,481	88.1	874	11.9	7,355	9.4
Southwest WI	0	982	396	1,378	83.8	266	16.2	1,644	2.1
Waukesha Co.	0	3,582	513	4,095	88.5	530	11.5	4,625	5.9
Western	268	2,758	384	3,411	88.5	444	11.5	3,854	4.9
WI Indianhead	<u>0</u>	<u>1,740</u>	<u>677</u>	<u>2,417</u>	<u>87.2</u>	<u>356</u>	<u>12.8</u>	<u>2,774</u>	<u>3.5</u>
Total	8,310	52,477	8,430	69,217	88.5%	9,011	11.5%	78,228	100.0%

Full-time equivalency is used in the WTCS because headcount enrollments in post-secondary educational systems do not provide an accurate reflection of the number of credit hours taken. This is especially true in technical colleges due to the large number of part-time students and short course offerings. The WTCS computes FTEs on the basis of a uniform 30 credits per year in all programs.

Table 2 compares 2011-12 headcount enrollments to FTE students for each district. The number of students that equal one FTE varies among districts (from 3.0 to 7.9), with a statewide average of 4.6.

Table 3 shows statewide FTE enrollments for 1999-00 through 2011-12. Since 2001-02, FTE enrollment in the system has increased by 14,446 FTEs or 22.6%, including an 11.8% rise in 2009-10 in the midst of a severe economic recession. In general, FTE enrollments tend to vary inversely with state and local economic conditions. During periods of economic decline, individuals tend

to seek retraining; in periods of economic growth, enrollments decline as individuals enter the job market. Enrollment patterns in each district are less predictable.

**Table 2: Headcount as Compared to FTE Enrollment 2011-12 Academic Year**

District	Headcount	FTEs	Headcount Per FTE
Blackhawk	11,126	2,564	4.3
Chippewa Valley	15,709	4,426	3.5
Fox Valley	51,097	7,501	6.8
Gateway	22,689	6,217	3.6
Lakeshore	13,495	2,253	6.0
Madison Area	39,222	10,672	3.7
Mid-State	8,488	2,341	3.6
Milwaukee Area	41,601	13,990	3.0
Moraine Park	17,279	3,138	5.5
Nicolet Area	7,479	1,136	6.6
Northcentral	17,969	3,739	4.8
Northeast WI	43,890	7,355	6.0
Southwest WI	11,195	1,644	6.8
Waukesha Co.	23,491	4,625	5.1
Western	15,916	3,854	4.1
WI Indianhead	<u>21,973</u>	<u>2,774</u>	<u>7.9</u>
Total	362,619	78,228	4.6

**Table 3: Statewide FTE Enrollment 2001-02 through 2011-12**

	FTEs	% Change
2001-02	63,782	---
2002-03	66,868	4.8%
2003-04	68,728	2.8
2004-05	68,414	-0.5
2005-06	68,267	-0.2
2006-07	68,358	0.1
2007-08	69,631	1.9
2008-09	72,787	4.5
2009-10	81,403	11.8
2010-11	82,365	1.2
2011-12	78,228	-5.0

**Table 4: WTCS District Revenues -- 2011-12 (\$ in Millions)**

	Amount	% of Total
Property Taxes	\$771.3	44.1%
State Aid	101.2	5.8
Tuition and Fees	279.0	16.0
Federal Aid	337.5	19.3
Self-Financing/ Miscellaneous	<u>258.7</u>	<u>14.8</u>
Total	\$1,747.7	100.0%

Note: Excludes revenues from fund balances, proceeds from debt, and funds provided to WTCS districts or students from other state agencies for such things as financial aid and work-force training.

### System Finance

WTCS districts receive funding from five major sources: (1) property taxes; (2) state aid, excluding funds transferred from other state agencies; (3) tuition and fees; (4) federal aid; and (5) self-financing operations and miscellaneous revenues. Table 4 shows WTCS revenues by source for 2011-12. Table 5 provides a breakdown of revenue sources from 2002-03 through 2011-12. Each of these sources is detailed in the following sections.

The expenditures supported by WTCS revenues can be expressed in a variety of ways but are most commonly divided into operational and nonoperational costs. Operational costs are those attributable to providing educational services regardless of funding source. These costs include instruction, instructional resources, student services, physical plant, and general/administrative costs. Nonoperational costs are all other costs to the districts such as debt service and capital projects. A breakdown of these costs for 2011-12 is shown in Table 6. The difference between total system costs (\$1,956.5 million) and total revenues (\$1,747.7 million) in 2011-12 is the result of

**Table 5: WTCS District Revenues 2002-03 through 2011-12 (\$ in Millions)**

Year	Property Taxes		State Aid*		Tuition & Fees		Federal Aid**		Other***		Total	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
2002-03	\$541.9	---	\$137.2	---	\$137.4	---	\$121.6	---	\$187.1	---	\$1,125.2	---
2003-04	565.3	4.3%	135.9	-0.9%	148.9	8.4%	141.0	15.9%	200.5	7.2%	1,191.6	5.9%
2004-05	590.8	4.5	137.7	1.3	162.1	8.9	139.3	-1.2	210.3	4.9	1,240.3	4.1
2005-06	622.0	5.3	135.9	-1.3	169.5	4.5	141.0	1.2	210.9	0.3	1,279.3	3.1
2006-07	650.6	4.6	135.5	-0.3	182.4	7.6	145.7	3.4	247.8	17.5	1,362.1	6.5
2007-08	680.6	4.6	136.7	0.9	194.4	6.6	155.6	6.8	247.3	-0.2	1,414.6	3.9
2008-09	714.6	5.0	135.2	-1.1	217.8	12.1	183.4	17.9	245.4	-0.8	1,496.4	5.8
2009-10	742.6	3.9	137.0	1.4	259.0	18.9	268.9	46.6	250.3	2.0	1,657.8	10.8
2010-11	757.3	2.0	137.0	0.0	276.1	6.6	346.1	28.7	252.6	0.9	1,769.1	6.7
2011-12	771.3	1.8	101.2	-26.1	279.0	1.1	337.5	-2.5	258.7	2.4	1,747.7	-1.2

\*Includes general and categorical aids only; excludes training grants, and funds received from other state agencies.

\*\*Includes duplicative revenues from a portion of student financial aid used to pay tuition and fees.

\*\*\*Self-financing operations and miscellaneous revenues.

revenues carried over from prior years as fund balances, which are available for expenditure in the current year, and debt proceeds, which are borrowed funds that may be used for capital expenses.

**Table 6 : WTCS District Costs – 2011-12 (\$ in Millions)**

	Amount	% of Total
<b>Operational Costs</b>		
Instruction	\$701.3	35.8%
Instructional Resources	23.8	1.2
Student Services	104.5	5.3
General/Administrative	131.8	6.7
Physical Plant	80.7	4.1
<b>Nonoperational Costs</b>		
Debt Service	167.2	8.5
Capital Outlay	201.9	10.3
Other*	<u>545.3</u>	<u>27.9</u>
<b>Total</b>	<b>\$1,956.5</b>	<b>100.0%</b>

\*Includes auxiliary operations such as bookstores and cafeterias, and public service functions such as radio and television stations.

## Property Taxes

The property tax is the largest source of revenue for the Technical College System. Since 2002-03, the property tax has represented between 42.8% and 48.6% of total system revenues.

State law limits property taxes levied by each WTCS district for all purposes except debt service to \$1.50 per \$1,000 (or 1.5 mills) of the district's equalized property valuation, which is referred to as the operational mill rate.

Under 2011 Act 32, an additional limit was

created on property taxes levied by technical college boards. A district board's tax levy in 2011 and 2012 was prohibited from exceeding the greater of the following: (a) the district board's tax levy in 2010; or (b) the amount generated using the mill rate used for the tax levy in 2010. Exemptions are provided for refunded or rescinded property taxes, if those taxes result in a re-determination of the district's equalized valuation by the Department of Revenue. The WTCS Board is required to reduce state general aid payments by an amount equal to any excess levy imposed by a district board, except under certain circumstances related to clerical errors. In addition, for a district board to exceed the levy limit otherwise applicable in 2011 or 2012, the board is required to submit a proposed excess levy for a special referendum. No board has requested such a referendum. In any case, a technical college district's mill rate could not exceed 1.5 mills.

In the early 1990s, most districts were levying at or near the mill limit. For several years, however, the relatively higher rate of increase in property values allowed most districts to lower their mill rates. Table 7 shows the number of districts in each of four ranges of operational mill rates in 1985-86, 1990-91, 1995-96, 2000-01, 2005-06, and 2008-09 through 2012-13. Between 1985-86 and 1990-91, the number of districts with mill rates less than 1.40 fell from 10 to two, while the number of districts at 1.5 mill rate increased from two to eight. By 1995-96, the number of districts with mill rates below 1.4 grew to seven, and four districts were at the 1.5 mill limit. In 2012-13, after four years of declines in

**Table 7: Number of WTCS Districts at Selected Operational Mill Rate Ranges**

Mill Rate	1985-86	1990-91	1995-96	2000-01	2005-06	2008-09	2009-10	2010-11	2011-12	2012-13
Less than 1.40	10	2	7	9	12	11	11	10	9	9
1.40 to 1.45	3	3	3	4	0	1	0	1	1	1
1.46 to 1.49	1	3	2	0	3	2	2	0	1	4
1.5	<u>2</u>	<u>8</u>	<u>4</u>	<u>3</u>	<u>1</u>	<u>2</u>	<u>3</u>	<u>5</u>	<u>5</u>	<u>2</u>
<b>Total</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>	<b>16</b>

statewide property values and two years of the levy freeze, two districts (Milwaukee and Western) had a tax rate at the mill limit and nine districts had mill rates less than 1.4.

There is no statutory limitation for taxes levied for debt service costs. However, a district's bonded indebtedness may not exceed 2% of its equalized property valuation. In addition, building projects costing more than \$1,500,000, excluding remodeling or improvement projects and any expenditures financed with gifts, grants or federal funds, are subject to a mandatory referendum. A referendum is also required if a district proposes to borrow in excess of \$1,500,000 for remodeling or improvement projects. Finally, district boards are prohibited from spending more than \$1,000,000 in reserve funds, consisting of property tax revenues and investment earnings on those revenues, to finance capital projects in excess of \$1,500,000.

An exception to these provisions was created in 1999 Act 9 for applied technology centers. The Act 9 provision permitted each WTCS district to expend up to \$5 million prior to January 1, 2002, for the purchase or construction of an applied technology center provided the district board met certain criteria and the project was approved by the State Board. The provision was extended to

July 1, 2003, under 2001 Act 16, and further extended to July 1, 2006, under 2003 Act 62. Five districts, Milwaukee, Moraine Park, Gateway, Chippewa Valley, and Waukesha, requested and received approval from the State Board to construct an applied technology center under this provision.

Under 2011 Act 32, the referendum requirement for capital expenditures over \$1.5 million does not apply to the portion of a capital expenditure funded with student housing payments for the purchase, construction, or lease/purchase of a student residence facility, if the district board uses no revenue derived from its tax levy, state aid, or tuition for the acquisition of the facility. This provision first applied to district board resolutions adopted on the general effective date of the bill (July 1, 2011).

Table 8 shows the statewide equalized value (excluding the value increment in tax incremental financing districts) and a breakdown of the total WTCS levy from 2002-03 through 2012-13. Since 2002-03, as property valuations increased rapidly through 2008-09 and then declined four straight years, the total levy has increased by an average of 3.8% per year, driven by growth in the debt levy the last two years.

**Table 8: WTCS Statewide Tax Levy and Average Mill Rate (\$ in Millions)**

	<u>Equalized Value</u>		<u>Operational Levy</u>			<u>Debt Levy</u>			<u>Total Levy</u>		
	Amount	% Change	Amount	% Change	Mill Rate	Amount	% Change	Mill Rate	Amount	% Change	Mill Rate
2002-03	\$327,322.3	7.3%	\$430.3	5.8%	1.31	\$111.6	6.2%	0.34	\$541.9	5.9%	1.66
2003-04	352,120.7	7.6	450.7	4.8	1.28	114.6	2.7	0.33	565.3	4.3	1.61
2004-05	381,588.7	8.4	477.4	5.9	1.25	113.4	-1.1	0.30	590.8	4.5	1.55
2005-06	416,563.8	9.2	506.2	6.0	1.22	115.7	2.1	0.28	622.0	5.3	1.49
2006-07	455,759.5	9.4	531.9	5.1	1.17	118.7	2.6	0.26	650.6	4.6	1.43
2007-08	482,403.7	5.8	561.0	5.5	1.16	119.6	0.8	0.25	680.6	4.6	1.41
2008-09	498,432.0	3.3	591.3	5.4	1.18	123.3	3.1	0.25	714.6	5.0	1.43
2009-10	495,804.3	-0.5	613.0	3.7	1.24	129.6	5.1	0.26	742.6	3.9	1.50
2010-11	480,629.2	-3.1	621.4	1.4	1.29	136.0	4.9	0.28	757.3	2.0	1.58
2011-12	472,273.6	-1.7	617.2	-0.7	1.31	154.0	13.3	0.33	771.3	1.8	1.63
2012-13	456,706.1	-3.3	610.2	-1.1	1.34	176.6	14.7	0.39	786.8	2.0	1.72

**Table 9: WTCS District Operational and Total Tax Levies and Mill Rates (\$ in Millions)**

District	2011-12				2012-13					
	Operational		Total*		Operational			Total*		
	Amount	Mill Rate	Amount	Mill Rate	Amount	% Change	Mill Rate	Amount	% Change	Mill Rate
Blackhawk	\$15.89	1.415	\$20.04	1.784	\$15.89	0.00%	1.438	\$20.42	1.90%	1.848
Chippewa Valley	29.60	1.456	35.40	1.742	29.60	0.00	1.476	35.40	0.00	1.766
Fox Valley	50.00	1.499	59.72	1.791	48.81	-2.38	1.499	64.12	7.37	1.969
Gateway	51.16	1.244	58.90	1.433	51.16	0.00	1.340	59.44	0.92	1.557
Lakeshore	17.71	1.261	21.96	1.563	17.71	0.00	1.292	22.02	0.28	1.606
Madison Area	92.93	1.342	118.39	1.709	92.93	0.00	1.371	123.08	3.96	1.816
Mid-State	16.37	1.353	20.56	1.699	16.37	0.00	1.379	20.59	0.15	1.735
Milwaukee Area	108.04	1.500	140.16	1.946	102.78	-4.87	1.500	145.13	3.55	2.118
Moraine Park	30.15	1.243	35.95	1.482	30.15	0.00	1.285	36.15	0.56	1.541
Nicolet Area	18.09	1.017	20.47	1.150	18.09	0.00	1.056	20.88	2.05	1.219
Northcentral	22.85	1.499	30.81	2.023	22.27	-2.51	1.497	30.20	-2.00	2.029
Northeast WI	43.64	1.207	58.90	1.628	43.64	0.00	1.228	58.90	0.00	1.657
Southwest WI	11.09	1.500	15.73	2.128	10.96	-1.15	1.499	15.60	-0.81	2.135
Waukesha Co.	53.64	1.075	62.43	1.251	53.64	0.00	1.117	62.43	0.00	1.301
Western	24.81	1.500	34.69	2.097	24.87	0.24	1.500	35.09	1.15	2.116
WI Indianhead	<u>31.28</u>	0.992	<u>37.20</u>	1.180	<u>31.28</u>	0.00	1.040	<u>37.34</u>	0.40	1.242
Statewide	\$617.25	1.307	\$771.29	1.633	\$610.15	-1.15%	1.336	\$786.79	2.01%	1.723

\*Total levy including debt service.

Table 9 indicates each district's operational and total tax levy and mill rate for 2011-12 and 2012-13. The percent change in each district's 2012-13 levy over the 2011-12 amount is also shown.

## State Aid

State aid is provided to WTCS districts either in the form of unrestricted general aid or through categorical aids which support specific programs or services. Since 2002-03, state aid has declined from 12.2% to 5.8% of total system revenue in 2011-12. A breakdown of state aid for 2011-12 (actual expenditures) and 2012-13 (budgeted) is shown in Table 10.

**1. General Aid.** Of the \$203.1 million in total direct state aid provided to WTCS districts in the 2011-13 biennium, \$167.1 million (or 82.3%) is distributed as general, unrestricted aids to partially equalize the fiscal capacities of

**Table 10: State Aid to WTCS Districts**

State Aid Program*	2011-12 Actual	2012-13 Budgeted
General Aids	\$83,534,900	\$83,534,900
Incentive Grants	5,943,500	6,418,300
Health Care Education Programs	5,395,500	5,395,500
Supplemental Aid	1,418,200	1,418,200
Nicolet Collegiate Transfer	1,063,000	1,063,000
Displaced Homemaker	787,900	805,300
Faculty Development Grants	744,300	786,700
Fire Schools (PR)	600,000	600,000
Minority Student Retention Grants	573,300	583,300
Transitional Services for		
Handicapped Students	375,300	378,200
Driver Education	304,400	304,400
Chauffeur Training Grants	189,100	189,100
Farm Training Tuition	141,800	141,800
Apprenticeship Curriculum		
Development	70,900	70,900
Occupational Competency Grants	65,800	67,400
Truck Driver Training (PR)	<u>0</u>	<u>150,000</u>
Total	\$101,207,900	\$101,907,000

\*Unless indicated, state aid programs are funded through general purpose revenues (GPR).

**Table 11: State General Aids as a Percentage of Aidable Costs**

	<u>State General Aids</u>		<u>Aidable Costs*</u>		Aid as % of Cost	Change in CPI**
	Amount	% Change	Amount	% Change		
2002-03	\$118,415,000	---	\$631,725,473	---	18.7%	---
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	817,010,935	2.4	14.6	1.6
2011-12	83,534,900	-30.0	815,664,150	-0.2	10.2	3.2
2012-13	83,534,900	0.0	860,339,449	5.5	9.7	2.0

\*Aidable costs are based on district estimates.

\*\*Changes in Consumer Price Index-All Urban Consumers for calendar years 2003 through 2012. CPI-U for 2012 is estimated.

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 high 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.

Table 11 shows total general aid to WTCS districts from 2002-03 through 2012-13. Aidable costs represent expenditures, including debt service, associated with providing postsecondary, vocational-adult, and collegiate transfer programs that are funded by property tax and state general aid revenues. As the table indicates, the percentage that general aid represents of aidable cost has declined by 9.0 percentage points since 2002-03 (from 18.7% to the current estimate of 9.7%) and has declined in all but one of the last 10 years. However, the increase in aidable costs has exceeded the rate of inflation (as measured by the Consumer Price Index) in six of those 10 years.

Appendix I provides further information on

the general aid formula, including a description of the major components of the formula, a sample aid calculation, an explanation of variations in general aid support among districts, and a discussion of the tax-base equalization goal of the formula.

**2. Incentive Grants Program.** The largest categorical aid is the incentive grants program, which represents \$12.36 million of the amount shown in Table 10. Funding for the program is provided in a continuing appropriation, meaning that unused or returned grant funds may be carried over to the following fiscal year. Therefore, the amounts expended may be higher or lower than the \$6,418,300 budgeted annually. In recent years, the WTCS Board has awarded grants to districts, or consortia of districts, for: (a) basic skills--creation or expansion of adult high school, adult basic education and English as a second language courses; and (b) emerging occupations--new and expanding occupational training programs, courses or services, and related staff and instructional material development. Under current law, grants may also be awarded for programs that would not otherwise be established or maintained because of limitations in dis-

strict fiscal capacity; new technology transfer; or programs at secured juvenile correctional facilities. In 2011-12, WTCS awarded 16 grants for basic skills (totaling \$2,515,000); 15 grants for adult literacy (\$559,600); and 17 grants for adult basic education (\$400,000). Seventeen grants were awarded for new and emerging occupations, totaling \$1,504,100. Grant awards differ from actual expenditures shown in Table 10 due to differences in the timing of awarding a grant and its actual expenditure.

**3. Health Care Grant Program.** This program provides grants to WTCS district boards for the purpose of increasing enrollments in health care courses and programs. Grants are intended to fund new sections of occupational core and support courses, not to address existing capacity. In 2011-12, 40 grants were awarded. For 2011-12, total expenditures for the program were \$5,395,500, and are budgeted at \$5,395,500 in 2012-13.

**4. Interdistrict Tuition Supplemental Aid.** Interdistrict tuition, which was an additional charge to state residents taking courses outside their district of residence, was eliminated in 1989 Act 336, beginning in 1990-91. A supplemental aid appropriation was created to provide a per-student reimbursement to districts that receive more students from other districts than they send. In 2011-12, six districts received payments under the program (Chippewa Valley, Fox Valley, Madison, Northeast WI, Waukesha County, and Western). State aid payments were \$1,418,200 in 2011-12 and are budgeted at \$1,418,200 in 2012-13.

**5. Nicolet College Transfer Program.** A separate categorical aid payment for the collegiate transfer program at Nicolet Area Technical College was created in 1985 Act 29. From 1994-95 to 2001-02, the payment was \$1,124,300 annually. From 2002-03 to 2008-09, the annual payment was \$1,073,700.

The statutes specify that only collegiate transfer programs operated in WTCS districts that do not have a University of Wisconsin campus within their boundaries are eligible for categorical support. Nicolet is the only district meeting this criterion. The law further provides that the aid payment be equal to that portion of the program's instructional costs not supported by fees and tuition that is equal to the state support of similar programs in the UW System. This program is budgeted \$1,063,000 annually in the 2011-13 biennium. In 2011-12, 293 FTE students were enrolled in the program.

**6. Displaced Homemaker.** A displaced homemaker is an unemployed individual who has provided unpaid household services for a substantial number of years and has been dependent on the income of a family member or public assistance but is no longer supported by either means. Under this program, the State Board awards grants to WTCS districts and community-based organizations to support personal counseling, outreach and other services to displaced homemakers. Expenditures for the program were \$787,900 in 2011-12 and are budgeted at \$805,300 in 2012-13. In 2011-12, 13 districts and three community-based organizations received grants.

**7. Faculty Development Grants.** Under this program competitive grants are awarded to districts for faculty development programs that promote: (a) awareness of, and expertise in, a wide variety of newly emerging technologies; (b) the integration of learning technologies in curriculum and instruction; and (c) the use of instructional methods that involve emerging technologies. Districts receiving grants must provide a match of at least 50% of the grant amount. According to WTCS administrative rule, each district is eligible to receive a flat amount plus a variable allocation based on the district's share of the total WTCS educational staff. In 2011-12, 3,504 faculty were served by the program. Expenditures



for this program were \$744,300 in 2011-12 and are budgeted at \$786,700 in 2012-13.

**8. Fire Schools.** District boards are required to make fire fighter training programs available, free of charge, to paid and volunteer municipal fire departments. State aid reimburses districts for the operation of these programs. Funding is provided as program revenue (PR) from fire dues payments, a 2% assessment on fire insurance premiums. In each of 2011-12 and 2012-13, budgeted fire dues revenues for the program were \$600,000. In 2011-12, funding supported training for 4,795 firefighters in programs conducted by WTCS districts.

**9. Minority Student Participation and Retention Grants.** Under the minority retention grant program, grants are awarded to: (a) provide counseling and tutoring services for minority students; (b) increase placement and retention of minority students in technical education programs with high earning potential; (c) provide internships to minority students enrolled in programs that prepare their graduates for admission to a teacher education program in the UW system; (d) combine basic skills and occupational training as a means of expediting basic skills remediation and increasing retention of minority students; and (e) use community-based organizations to assist in the recruitment, training and retention of minority students. Local districts are required to provide matching funds of 25% to 75% of total project cost. Each district receiving a grant must file an annual report with the WTCS Board evaluating the results of the grant. Expenditures for the program were \$573,300 in 2011-12 and are budgeted at \$583,300 in 2012-13. Fourteen districts received grants in 2011-12, and 1,961 minority students were served by the program.

**10. Transitional Services for Handicapped Students.** This program provides grants to fund coordinated sets of activities, such as interper-

sonal skills and study training, intended to help disabled students make the transition from high school to postsecondary education, vocational training or continuing education. A provision in 1997 Act 27 doubled the amount appropriated for the program and required that each district be awarded an amount equal to one-sixteenth of the amount appropriated for this program. In addition, the law requires districts to provide matching funds equal to 25% of the amount awarded. In 2011-12, expenditures for the program were \$375,300. In 2012-13, \$378,200 is appropriated for the program resulting in a grant of \$23,638 to each district.

**11. Driver Education.** Driver education aid partially reimburses WTCS districts for the operational costs of providing driver education and chauffeur training (truck driving) instruction. Under current law, districts are to receive \$16 per credit for each student enrolled in a driver education course and \$150 per credit for each student enrolled in a chauffeur training course. In general, few claims are made for reimbursement for driver education students. Since 1993-94, when the chauffeur training reimbursement rate was increased from \$72 to \$150, the amount appropriated has not been sufficient to fully fund the program and payments have been prorated. For 2011-12, payments were prorated at 34.5%. State aid for the program was \$304,400 annually in 2011-12 and 2012-13.

**12. Advanced Chauffeur Training Grants.** These grants are awarded for the development of advanced chauffeur training facilities, the acquisition of instructional equipment for such facilities, facility and equipment maintenance costs, and costs incurred in coordinating training programs. Projects qualifying for grants include construction of truck driving ranges and construction of vehicle inspection facilities. Expenditures for the program were \$189,100 in 2011-12 and are budgeted at \$189,100 in 2012-13. In 2011-12, grants were made in the following amounts:

\$45,700 to Chippewa Valley, \$111,600 to Fox Valley, and \$31,800 to Waukesha County.

**13. Farm Training Program Tuition Grants.** In the 1989-91 biennial budget, a tuition assistance program was created, as part of the incentive grants program, to support students enrolled in farm business and production management programs. In the 1991-93 biennial budget, a separate categorical aid program was established. Grants provide 50% of a student's tuition for up to six years of the program. In 2011-12, 737 students were served by this program. Expenditures for the program were \$141,800 in 2011-12 and are budgeted at \$141,800 in 2012-13.

**14. Apprenticeship Curriculum Development.** This aid to WTCS districts is for apprenticeship curriculum development. Funds are used to review, update and develop curricula for adult apprenticeship programs. Expenditures for the apprenticeship curriculum development program were \$70,900 in 2011-12 and are budgeted at \$70,900 in 2012-13.

**15. Technical College Instructor Occupational Competency Grants.** This program awards grants to pay the salaries of technical college instructors who improve their knowledge and skills through temporary work experiences in business and industry. A 50% local match is required. In 2011-12, expenditures for the program, which funded 28 instructors, were \$65,800. A total of \$67,400 is budgeted for the grants in 2012-13.

**16. Truck Driver Training Grants.** Under current law, there is an \$8 assessment surcharge on the commercial vehicle violations and convictions that is available for grants to WTCS districts that provide truck driver training. Currently, Chippewa Valley, Fox Valley, and Waukesha County technical colleges offer truck driver training programs. Although \$150,000 annually is budgeted for this program in the 2011-13 biennium, data on the number of eligible commercial

vehicle violations and convictions in past years indicate that actual surcharge revenue varies, and no moneys were expended in 2011-12. This is a continuing appropriation, and unexpended revenues carryover for distribution in subsequent years. WTCS awarded grants to all three truck driver training programs in 2012-13, which will total \$62,000 (\$12,800 to Chippewa Valley, \$39,100 to Fox Valley, and \$10,000 to Waukesha County).

### **Training Program Grants**

Under this program, the WTCS Board awards grants for skills training or other customized education, provided by district boards at the request of regional businesses. Budgeted funding for the overall program was \$3,970,000 annually in the 2011-13 biennium, in a biennial appropriation. The Board may award up to \$500,000 annually for grants for small businesses, defined as either: (a) having no more than 100 employees; or (b) having no more than \$10,000,000 in gross annual income in its most recent fiscal year. For small business training, the Board awarded 31 grants totaling \$489,000 in 2011-12. The grants served 68 businesses and provided training for 984 employees.

The Board must award at least \$2.0 million annually from funding for general business training grants for training in advanced manufacturing skills.

For general business training grants, the Board awarded 80 grants totaling \$2,520,500 in 2011-12. These grants served 279 companies and provided training for an estimated 15,000 employees. Because some grants overlap fiscal years, or districts may return unused portions of grants, grants awarded may not equal actual expenditures for a given fiscal year.

Grant award funds may not be used for administration, marketing, or indirect costs. Grant-

ees must submit to the Board data and information on the use and effect of grant funds.

### Tuition Revenues

In 2011-12, 16.0% (\$279.0 million) of total WTCS revenue was generated through tuition and fees. In 1975, the Legislature established a statutory tuition policy for the WTCS based on a percentage of cost methodology. Each year, the WTCS Board sets separate resident tuition rates for post-secondary and vocational-adult (PS/VA) courses and collegiate transfer (CT) courses. For both PS/VA and CT programs, tuition is based on the districts' projections of costs and enrollments in order to generate the percentage of costs required by law. This method automatically causes tuition to increase as costs rise. Out-of-state students pay fees based on 150% of resident tuition, unless covered by a reciprocity agreement.

By law, tuition for state residents enrolled in post-secondary (associate degree and technical diploma) and vocational-adult programs is to be set at the level necessary to generate revenue equal to at least 14% of the estimated, statewide operational cost of those programs. The WTCS Board may set the percentage higher in order to generate more tuition revenue. For 2012-13, resi-

dent tuition for PS/VA courses is \$116.90 per credit or \$3,507 annually for a full-time student. This rate was set to recover 22.8% of costs.

The uniform tuition charge for collegiate transfer courses must equal at least 31% of the estimated, statewide operational cost of such programs. This percentage was originally set for comparability with resident tuition at the two-year colleges in the UW System. In 2012-13, tuition for collegiate transfer programs is \$158.25 per credit or \$4,747.50 annually, as compared to annual tuition of \$4,750 at the two-year UW Colleges. The current rate was set to recover 46.2% of collegiate transfer costs.

Table 12 shows per credit and annual resident tuition charges from 2002-03 through 2012-13.

### Tuition Remissions

WTCS districts are required by law to exempt from tuition students over age 62 who are enrolled in vocational-adult programs. In addition, resident students age 60 and older may audit a WTCS course, except for community service programs, without paying an auditor's fee, provided that space is available and the instructor approves. The statutes also require that students

**Table 12: WTCS Resident Tuition**

	Post-Secondary/Vocational-Adult			Collegiate Transfer		
	Per Credit	Annual*	% Change	Per Credit	Annual*	% Change
2002-03	\$67.00	\$2,010.00	---	\$94.00	\$2,820.00	---
2003-04	70.00	2,100.00	4.5%	97.00	2,910.00	3.2%
2004-05	76.00	2,280.00	8.6	103.00	3,090.00	6.2
2005-06	80.50	2,415.00	5.9	109.10	3,273.00	5.9
2006-07	87.00	2,610.00	8.1	117.90	3,537.00	8.1
2007-08	92.05	2,761.50	5.8	124.70	3,741.00	5.8
2008-09	97.05	2,911.50	5.4	131.50	3,945.00	5.5
2009-10	101.40	3,042.00	4.5	136.10	4,083.00	3.5
2010-11	106.00	3,180.00	4.5	142.20	4,266.00	4.5
2011-12	111.85	3,355.50	5.5	150.00	4,500.00	5.5
2012-13	116.90	3,507.00	4.5	158.25	4,747.50	5.5

\*Tuition shown for a full-time student based on a program of 30 credits per year.

enrolled in adult high school, adult basic education, and English as a second language courses be exempted from tuition. In addition, students enrolled in courses under federally funded programs are exempted from tuition. This category of students includes those enrolled in: (a) Workforce Investment Act courses; (b) Goal Oriented Adult Learning (GOAL) programs; and (c) Vocational Education Act handicapped, disadvantaged, and consumer/ homemaking projects.

WTCS institutions are required to grant a 100% remission of tuition, less any amount paid under federal programs, to students who are qualified veterans. Qualified veterans are eligible for this remission for up to 128 credits or eight semesters, whichever is longer.

To qualify as a veteran for this remission, a student must: (1) be verified by the Department of Veterans Affairs as a resident of this state for the purpose of receiving benefits; and (2) have been a resident of this state at the time of entry into the armed services. In addition, a student's military service must meet one or more of the following criteria: (1) service of at least one term under honorable conditions during a war period or in a crisis zone; (2) service on active duty under honorable conditions for the full period of the initial service obligation; (3) service qualifying for certain service-related medals; (4) service ending in honorable discharge for a service-related disability or for reasons of hardship; or (5) service ending in release under honorable conditions due to a reduction in the armed forces. For students who qualify for this remission but do not qualify for resident tuition as determined by WTCS, the nonresident portion of tuition is also remitted.

Beginning with the Spring 2010 semester, veteran who are eligible for benefits under the newly-enacted federal Post-9/11 G.I. Bill must use those benefits before accessing state tuition and fee remissions. This applies even if the student is eligible for benefits under the Montgom-

ery G.I. Bill or certain other federal education programs for veterans unless the student is eligible for 12 months or less of benefits under those programs. Veterans whose stipend under the Montgomery G.I. Bill or certain other federal education programs would have exceeded the amount of the monthly housing allowance provided under the Post-9/11 G.I. Bill (adjusted to reflect the annual books and supplies stipend) are reimbursed for the difference in these benefits.

In 2011-12, WTCS provided remissions totaling \$7.98 million to 2,055 veterans. Of the total, \$5.3 million was paid for by the federal Post-9/11 G.I. Bill, leaving a net cost to technical colleges of \$2.68 million. Supplemental stipend payments were an additional \$1,134,700, paid to 685 veterans.

In addition, WTCS institutions are required to grant a full remission of fees, including tuition and academic fees, for 128 credits or eight semesters, whichever is longer, to the spouse, unremarried surviving spouse, and children of eligible veterans. An eligible veteran is one who: (1) was a resident at the time of entry into the armed services; (2) served under honorable conditions; (3) either died on active duty, died on inactive duty for training purposes, died as the result of a service-related disability, or has been awarded at least a 30% service-related disability rating; and (4) was a resident of this state at the time of death or service-related disability. The spouse, in the case of disability, or the unremarried surviving spouse, in the case of death, of an eligible veteran is eligible for this remission during the first 10 years after the receipt of the disability rating or the death of the eligible veteran, or until 10 years after the youngest child that the spouse had with the eligible veteran reaches, or would have reached, 18 years of age. Children of eligible veterans are eligible if they are at least 17 years old and not yet 26 years of age, regardless of when the eligible veteran died or received his or her disability rating.

In 2011-12, technical colleges remitted \$1,620,500 in tuition and fees to 812 students under the spouses and children provision.

Technical colleges were reimbursed for \$1,886,300 for the full cost of the supplemental payments (\$1,134,700) as well as a portion (\$751,600) of the remissions costs provided to veterans, spouses, and children in 2011-12, under the remissions reimbursements program administered by the Higher Educational Aids Board.

Under current law, district boards are required to grant full remission of tuition to any resident student who is the child or surviving spouse of a fire fighter, law enforcement officer, correctional officer, ambulance driver, or emergency medical services technician, killed in the line of duty in Wisconsin provided that the child or surviving spouse is enrolled in a postsecondary/vocational adult or collegiate transfer program. Eligible students may receive the remission for three years or until they have completed a sufficient number of credits to complete the program in which they are enrolled, whichever comes first. In 2011-12, one student received remissions totaling \$1,100.

While the above categories of students are exempt from paying tuition, the costs associated with their instruction are included in the cost basis upon which tuition is determined. Consequently, tuition for non-exempt students reflects these costs.

Appendix II includes discussions of the tuition formula, reciprocity agreements with other states, and fees for student materials.

### **Federal Aid**

In 2011-12, federal aid provided 19.3% (\$337.5 million) of total system revenue. Based on past years, it is estimated that approximately 80% of the federal moneys received by districts is for student financial aid. The remaining federal

funds are provided either in the form of direct federal grants to individual districts or as federal aid which the WTCS Board receives and then distributes to districts. After student aid, the following two programs are the largest sources of federal revenue.

- **Carl Perkins Career and Technical Education Act (\$11.7 million)** -- Provides support for postsecondary and adult education through: (1) a formula-based grant for services to special populations and program improvement; (2) competitive-based grants targeted for nontraditional employment and training, pre-technical learning, and work-based learning; and (3) targeted grants for carrying out the technical education program for criminal offenders. For 2011-12, total funding was \$21.0 million. The state grant was split between WTCS (\$11.7 million) and the Department of Public Instruction (\$9.3 million).

- **Adult Education and Family Literacy Act (\$6.5 million)** -- Provides support for programs and services in adult education and literacy, including workplace literacy, family literacy, and English literacy.

Other federal monies go to specific programs at WTCS districts and are applied for directly by the districts.

### **Self-Financing Operations and Miscellaneous Revenue**

In 2011-12, 14.8% (\$258.7 million) of total WTCS revenue was obtained from other sources, including auxiliary or self-financing operations, such as food service and bookstores, equipment sales, and interest income. In addition, districts may enter into contracts to provide educational services to businesses and industries, public and private educational institutions, including school districts, and government agencies.



## APPENDIX I

### State General Aid Formula

General aid is calculated according to the following formula factors:

**1. Aidable Cost.** The costs that are aided under the formula include operational costs for post-secondary, vocational-adult and collegiate transfer instructional programs, and debt service. The following items are not aidable under the formula because they have already been offset by sources other than the property tax or general aid:

- Auxiliary operations such as bookstores and cafeterias;
- Community service programs, which are primarily avocational courses;
- Federal aid;
- Student tuition and fees;
- State categorical aids; and
- Revenues from business and high school contracts.

**2. Full-Time Equivalent Students.** The equalization factor of the general aid formula requires a calculation of full-time equivalent students enrolled in post-secondary, vocational-adult and collegiate transfer courses. Headcount enrollments do not provide an accurate reflection of the number of students pursuing full-time programs due to the system's large number of part-time students and short course offerings.

**3. Equalization Index.** The equalization index compares the current year value of taxable property (as equalized by the Department of Revenue) behind each FTE student in a district to the statewide average. If a district's per student valuation exceeds the statewide average, the index will be less than 1.0; if a district's per student valuation is lower than the statewide average, the index will be greater than 1.0. A district with an

equalization index greater than 1.0 would receive more than the statewide average reimbursement under the aid formula. The equalized index is multiplied by the district's aidable cost resulting in an equalized aidable cost figure.

**4. Nonstatutory Percentage Factor.** Current law does not require that a given percentage of district aidable cost be reimbursed under the formula. The percentage of cost that is reimbursed each year is calculated by dividing the total amount available for general aid into the total equalized aidable cost. In 2011-12, 9.56% of total equalized aidable cost (or 10.24% of aidable cost prior to application of the equalization indices) was supported by general aid.

#### Sample Aid Calculation

The following provides an example of the computation of general aid for Moraine Park Technical College based on 2011-12 data.

1. Aidable cost equals \$36,384,695.
2. District equalized valuation per FTE student equals \$7,796,693.
3. Statewide equalized valuation per FTE student equals \$6,159,574.
4.  $\frac{\$6,159,574}{\$7,796,693} = 0.79002$  which is the district's equalization index.
5. 0.79002 times \$36,384,695 equals the district's equalized aidable cost of \$28,774,637.
6. The total amount available for general aid (\$83,534,900) is divided into the statewide equalized aidable cost of \$873,730,607 to yield 9.56%.

7. The district's equalized aidable cost of \$28,774,637 is multiplied by 9.56% to yield \$2,748,200, the district's estimated state aid entitlement for 2011-12.

### Aid Variations Among Districts

The two primary factors which determine the level of state aid received by a district under the formula are the level of aidable cost and the equalization index. District aidable cost levels are affected by various characteristics of a district and its programs, including student enrollments and the design and cost of educational programs. In 2011-12, equalization indices ranged from 0.27892 at Nicolet to 1.49013 at Northcentral.

Table 13 provides 2011-12 state aid estimates for each WTCS district. These figures will not be finalized until the completion of cost and FTE audits in June, 2013, when any necessary changes will be made by adjusting 2012-13 aid payments.

Incorporation of the equalization factor under

the aid formula results in the provision of general aid to individual districts at varying levels. In 2011-12, the proportion of aidable cost funded through state aid varied from 2.7% at Nicolet to 14.2% at Northcentral, with a statewide average of 10.2%. It should be noted that these aid estimates use preliminary equalized valuation estimates, which may differ from the actual valuations.

The payment of state aid is based on estimated enrollment and cost data for the current fiscal year. According to a WTCS Board rule, 85% of general aid is distributed to districts between July and February of each fiscal year. The remaining 15% is withheld by the Board for distribution in June in the event that adjustments need to be made in payments to districts based on revised enrollment and cost data. Because general aid is adjusted on the basis of audited cost and enrollment data, variations between aid estimates and actual amounts paid to any one district can occur. For example, a change in the FTE enrollment for one district can affect the computation of the

**Table 13: State General Aid to WTCS Districts -- 2011-12**

	2011 Equalized Valuation	2011-12 FTEs	Equalized Value/FTE	Equalization Index	Net Aidable Cost	Equalized Aidable Cost	State Aid	Percent Aid/Cost
Blackhawk	\$11,263,637,795	2,552	\$4,413,703	1.39556	\$22,858,171	\$31,899,949	\$3,049,900	13.3%
Chippewa Valley	20,395,372,468	4,410	4,624,948	1.33181	40,928,127	54,508,489	5,211,400	12.7
Fox Valley	33,583,664,363	7,351	4,568,659	1.34822	68,220,881	91,976,756	8,793,600	12.9
Gateway	41,227,471,778	6,200	6,649,238	0.92636	62,692,989	58,076,277	5,552,500	8.9
Lakeshore	14,129,162,959	2,246	6,291,876	0.97897	23,562,648	23,067,126	2,205,400	9.4
Madison Area	69,750,498,480	10,515	6,633,649	0.92853	117,225,983	108,847,842	10,406,600	8.9
Mid-State	12,224,002,129	2,338	5,229,430	1.17787	21,751,197	25,620,082	2,449,500	11.3
Milwaukee Area	72,844,357,442	13,959	5,218,515	1.18033	152,130,629	179,564,345	17,167,600	11.3
Moraine Park	24,346,264,433	3,123	7,796,693	0.79002	36,384,695	28,744,637	2,748,200	7.6
Nicolet Area	17,810,693,313	807	22,083,387	0.27892	15,555,020	4,338,606	414,800	2.7
Northcentral	15,332,714,055	3,709	4,133,576	1.49013	34,624,605	51,595,163	4,932,900	14.2
Northeast WI	36,396,889,459	7,237	5,029,091	1.22479	72,255,438	88,497,738	8,461,000	11.7
Southwest WI	7,412,906,024	1,639	4,522,767	1.36190	18,028,431	24,552,920	2,347,400	13.0
Waukesha Co.	50,237,631,674	4,590	10,943,897	0.56283	55,427,090	31,196,029	2,982,600	5.4
Western	16,603,373,117	3,761	4,414,675	1.39525	37,144,033	51,825,212	4,954,900	13.3
WI Indianhead	<u>31,550,154,227</u>	<u>2,698</u>	11,695,985	0.52664	<u>36,874,213</u>	<u>19,419,436</u>	<u>1,856,600</u>	5.0
Total	\$475,108,793,716	77,133	\$6,159,574		\$815,664,150	\$873,730,607	\$83,534,900	10.2%



equalization index and, therefore, aid levels in all districts.

### **Tax Base Equalization**

A measure of the relative financial ability of WTCS districts to generate local funds from property taxes is incorporated under the general aid formula through the equalization index. The principle behind the equalization formula is that those districts with relatively high property valuations behind each student generate more property tax revenue at a given mill rate and, therefore, should receive less state aid per student than districts with relatively low valuations per student. For example, Waukesha, which has a higher-than-average property valuation behind each student, receives less state aid than it would if there was no equalization index. In 2011-12, Waukesha would have received about \$5.7 million in state aid on a straight percentage reimbursement basis based on its net aidable cost, but due to the equalization index, its aid payment was under \$3.0 million. On the other hand, Northcentral, which had the lowest property valuation behind each student, would have received about \$3.5 million if all districts were provided an equal percentage of cost, but instead received \$4.9 million because of the equalization index.

The general aid formula provides only partial equalization. Full equalization would imply that two districts with the same cost per student would have the same mill rates. In fact, mill rates between two districts with similar costs per student can vary substantially.

The primary reason why the general aid formula provides for less than full equalization is that the application of the equalization index assures the provision of state aid to all districts. No matter how much greater a district's property valuation per student is than the statewide average, the district will always receive some aid under the formula.

Another reason for partial equalization is that any nonaidable costs that are not funded by some other source, such as federal revenue, tuition and fees or user charges must be funded in full by the property tax. Therefore, to the extent that a district has costs that are not eligible for state aid (primarily community service programs), its fiscal capacity is not totally equalized. Districts with higher-than-average property values are in a better position to finance those costs because they can tax at a lower tax rate than districts with lower-than-average property values.

Due to the geographic size and composition of the state's 16 WTCS districts, there is not as much variation in valuations per student as compared to K-12 school districts. For example, in 2011-12, WTCS district valuations per FTE ranged from \$22,083,387 at Nicolet to \$4,133,576 at Northcentral, a difference of approximately 5.3 to 1. For the same year, adjusted school district valuations per pupil ranged from \$9,031,942 to \$186,864, a difference of 48.3 to 1 (excluding the Norris School District, a unique residential school with 61 pupils deriving nearly all its revenues from state and federal aid).

## APPENDIX II

### Tuition and Other Fees

#### Tuition Formula

Tuition for the WTCS is established using a formula consisting of the following three factors:

1. Statutory Percentage. The statutes set the percentage of cost to be raised through tuition. There are currently two different percentages used in establishing tuition: at least 14% for post-secondary (excluding collegiate transfer) and vocational-adult (PS/VA) courses; and at least 31% for collegiate transfer (CT) courses.

2. Operational Costs. These are the costs to the districts of providing PS/VA and CT courses. Operational costs include the provision of instruction, instructional resources, student services, research, physical plant, and administration. The statutes define operational costs, for the purpose of calculating tuition, to mean only those costs that are funded by tuition, state aid, and property tax revenues.

3. Full-Time Equivalent Students (FTEs). In order to provide an accurate estimate of the workload in the Technical College System, an FTE, rather than headcount, methodology is used. However, not all FTE students are included when calculating tuition as the result of statutory or administrative exemptions. Total tuition-paying (nonexempt) FTE students for the forthcoming year in PS/VA courses are estimated by using the ratio of nonexempt FTEs to total FTEs for the previous year. This percentage is applied to the total FTEs projected for the upcoming year to derive the number of FTEs who will be assessed tuition. All FTEs are used for the collegiate transfer tuition calculation.

Tuition for resident students is calculated us-

ing the following equation:

$$\frac{[(\text{Operational Costs} \times \text{Target Tuition Recovery Rate \%}) \div \text{Number of FTEs}] \div 30 \text{ credits}}{\text{Per credit Tuition}}$$

It was estimated that, for 2012-13, PS/VA operational costs would be \$906,614,533 with 58,977 FTE students paying tuition. Collegiate transfer costs were projected to be \$82,674,587 with 8,040 FTE students. The Board decided on a target recovery rate of 22.8% of PS/VA operational costs. Thus, using the formula above, PS/VA tuition was calculated to be:

$$(\$906,614,533 \times 0.228) / (58,977 \text{ FTE}) \div 30 =$$

\$116.90 per credit (or \$3,507 annually for a full-time student)

The Board decided to recover 46.2% of the collegiate transfer costs, thus collegiate transfer tuition was calculated to be:

$$(\$82,674,587 \times 0.462) / (8,040 \text{ FTE}) \div 30 =$$

\$158.25 per credit (or \$4,747.50 annually for a full-time student)

Out-of-state students must pay an additional charge unless they are subject to a reciprocity agreement, which is discussed later in this appendix. The total amount equals 150% of resident tuition for the programs in which they are enrolled. In 2012-13, nonresident tuition equaled \$175.35 per credit for PS/VA (\$5,260.50 annually) and \$237.38 for collegiate transfer (\$7,121.40 annually).

Although tuition is designed to recover a

specified amount of operational costs statewide, the actual percentages can vary due to unanticipated changes in enrollments and costs.

### **Student Materials Fees**

Annually, the WTCS Board sets uniform materials fees for all students in specific course categories to cover the costs of consumable materials. The fees are in addition to tuition and apply to avocational, vocational-adult, post-secondary, and collegiate transfer courses, although some community services courses have no materials fees. Lower materials fees are charged for courses with few consumable goods such as business, home economics, technical, or general education courses. Higher fees are charged in agricultural, industrial, and service and health occupations courses. Registration, parking, and book fees policies vary by district.

### **Reciprocity Agreements**

The WTCS currently has reciprocity agree-

ments with institutions in four states: Minnesota, Michigan, Illinois and Iowa. These agreements were instituted to allow students in state border communities to attend institutions that are more conveniently located or that offer programs not available in the student's home district.

Only the Minnesota agreement is systemwide. In other words, Minnesota residents may attend any WTCS institution and pay the tuition rate charged to Wisconsin residents. The other agreements are between individual community colleges in those states and certain WTCS districts. Gateway, Blackhawk, Chippewa Valley, Southwest, Nicolet, Indianhead, and Northeast each participate in agreements with one or more community colleges in Michigan, Illinois, and/or Iowa. Additional information on these agreements is contained in the Legislative Fiscal Bureau's informational paper entitled, "Education and Income Tax Reciprocity Agreements."

## APPENDIX III

### WTCS Districts

District Name	Main Campus	Counties Wholly or Partially Included Within District
Blackhawk	Janesville	Green, Rock
Chippewa Valley	Eau Claire	Buffalo, Chippewa, Clark, Dunn, Eau Claire, Jackson, Pepin, Pierce, St. Croix, Taylor, Trempealeau
Fox Valley	Appleton	Brown, Calumet, Manitowoc, Outagamie, Shawano, Waupaca, Waushara, Winnebago
Gateway	Kenosha	Kenosha, Racine, Walworth
Lakeshore	Cleveland	Calumet, Manitowoc, Ozaukee, Sheboygan
Madison	Madison	Adams, Columbia, Dane, Dodge, Green, Iowa, Jefferson, Juneau, Marquette, Richland, Rock, Sauk
Milwaukee	Milwaukee	Milwaukee, Ozaukee, Washington, Waukesha
Moraine Park	Fond du Lac	Calumet, Dodge, Fond du Lac, Green Lake, Marquette, Sheboygan, Washington, Waushara, Winnebago
Mid-State	Wisconsin Rapids	Adams, Clark, Jackson, Juneau, Marathon, Portage, Waushara, Wood
Nicolet	Rhineland	Forest, Iron, Langlade, Lincoln, Oneida, Vilas
Northcentral	Wausau	Clark, Langlade, Lincoln, Marathon, Menominee, Portage, Price, Shawano, Taylor, Waupaca
Northeast	Green Bay	Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Oconto, Shawano, Outagamie
Southwest	Fennimore	Crawford, Grant, Green, Iowa, Lafayette, Richland, Sauk, Vernon
Waukesha	Pewaukee	Dodge, Jefferson, Racine, Waukesha
Western	La Crosse	Buffalo, Crawford, Jackson, Juneau, LaCrosse, Monroe, Richland, Trempealeau, Vernon
Indianhead	Shell Lake	Ashland, Barron, Bayfield, Burnett, Douglas, Iron, Polk, Rusk, St. Croix, Sawyer, Washburn