



Wisconsin Technical College System

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Wisconsin Technical College System

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TABLE OF CONTENTS

| | |
|---|----|
| System Overview | 1 |
| Wisconsin Technical College System (WTCS) Board Organization..... | 1 |
| District Board Organization..... | 2 |
| Programs and Enrollments..... | 3 |
| System Finance..... | 5 |
| Property Taxes..... | 6 |
| State Aid..... | 10 |
| Tuition Revenues | 15 |
| Tuition Remissions..... | 15 |
| Federal Aid..... | 17 |
| Self-Financing Operations and Miscellaneous Revenue | 18 |
| Appendix I State General Aid Formula | 19 |
| Appendix II Tuition and Other Fees..... | 22 |
| Appendix III WTCS Districts | 24 |

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 326,000 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.

System Overview

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 55 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, with the exception of 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 member of the board. 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, of the five members representing employers, at least two members must represent employers who are manufacturing businesses. Under 2015 Act 55, a person representing an employer is required to have at least two years of experience managing a business entity, nonprofit organization, credit union, or cooperative association with at least 15 employees or at least two years of experience managing the finances or hiring of personnel of a business entity, nonprofit organization, credit union, or cooperative association with at least 100 employees. 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. The district board representation plan and 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 indi-

viduals.

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 2015-16, 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 2015-16 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 82.0% (Nicolet) to a high of 94.2% (Mid-State); the statewide average is 89.0%. Of the total FTE stu-

Table 1: Full-Time Equivalent (FTE) Students 2015-16 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 | 1,382 | 280 | 1,661 | 91.0% | 165 | 9.0% | 1,826 | 2.7% |
| Chippewa Valley | 333 | 2,702 | 624 | 3,659 | 92.5 | 297 | 7.5 | 3,956 | 5.8 |
| Fox Valley | 0 | 5,212 | 685 | 5,897 | 86.7 | 907 | 13.3 | 6,803 | 10.0 |
| Gateway | 0 | 4,110 | 455 | 4,565 | 89.8 | 518 | 10.2 | 5,083 | 7.4 |
| Lakeshore | 0 | 1,428 | 257 | 1,685 | 86.1 | 272 | 13.9 | 1,956 | 2.9 |
| Madison Area | 3,586 | 4,804 | 837 | 9,226 | 92.0 | 806 | 8.0 | 10,033 | 14.7 |
| Mid-State | 0 | 1,653 | 233 | 1,886 | 94.2 | 117 | 5.8 | 2,002 | 2.9 |
| Milwaukee Area | 2,617 | 5,848 | 888 | 9,353 | 86.2 | 1,496 | 13.8 | 10,849 | 15.9 |
| Moraine Park | 0 | 2,214 | 492 | 2,706 | 86.7 | 416 | 13.3 | 3,123 | 4.6 |
| Nicolet Area | 207 | 453 | 58 | 719 | 82.0 | 158 | 18.0 | 877 | 1.3 |
| Northcentral | 0 | 2,868 | 253 | 3,122 | 84.3 | 583 | 15.7 | 3,704 | 5.4 |
| Northeast WI | 0 | 5,283 | 863 | 6,147 | 91.3 | 584 | 8.7 | 6,731 | 9.8 |
| Southwest WI | 0 | 1,001 | 318 | 1,319 | 83.7 | 257 | 16.3 | 1,576 | 2.3 |
| Waukesha Co. | 0 | 3,289 | 512 | 3,801 | 90.7 | 389 | 9.3 | 4,190 | 6.1 |
| Western | 287 | 2,352 | 439 | 3,078 | 91.8 | 275 | 8.2 | 3,353 | 4.9 |
| WI Indianhead | 0 | 1,426 | 568 | 1,994 | 86.3 | 315 | 13.7 | 2,309 | 3.4 |
| Total | 7,030 | 46,024 | 7,763 | 60,817 | 89.0% | 7,554 | 11.0% | 68,371 | 100.0% |

dents enrolled in continuing education courses, 5,020 (66.5%) took courses primarily related to basic skills education and courses for hearing or visually impaired individuals. A total of 2,309 FTE students (30.6%) were enrolled in vocational-adult courses while 224 FTE students (3.0%) 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.

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 2015-16 headcount enroll-

ments to FTE students for each district. The number of students that equal one FTE varies among districts (from 3.3 to 8.7), with a statewide average of 4.8.

Table 2: Headcount as Compared to FTE Enrollment 2015-16 Academic Year

| District | Headcount | FTEs | Headcount Per FTE |
|-----------------|-----------|--------|-------------------|
| Blackhawk | 7,437 | 1,826 | 4.1 |
| Chippewa Valley | 16,336 | 3,956 | 4.1 |
| Fox Valley | 48,944 | 6,803 | 7.2 |
| Gateway | 19,998 | 5,083 | 3.9 |
| Lakeshore | 12,447 | 1,956 | 6.4 |
| Madison Area | 37,351 | 10,033 | 3.7 |
| Mid-State | 7,367 | 2,002 | 3.7 |
| Milwaukee Area | 35,627 | 10,849 | 3.3 |
| Moraine Park | 18,553 | 3,123 | 5.9 |
| Nicolet Area | 6,125 | 877 | 7.0 |
| Northcentral | 19,635 | 3,704 | 5.3 |
| Northeast WI | 33,472 | 6,731 | 5.0 |
| Southwest WI | 8,544 | 1,576 | 5.4 |
| Waukesha Co. | 22,742 | 4,190 | 5.4 |
| Western | 11,379 | 3,353 | 3.4 |
| WI Indianhead | 20,196 | 2,309 | 8.7 |
| Total | 326,153 | 68,371 | 4.8 |

Table 3 shows statewide FTE enrollments for 2006-07 through 2015-16. Since 2006-07, FTE enrollment in the system has decreased by 919 FTEs or 1.3%, after rising 12.0% in 2009-10 in the midst of a severe economic recession, followed by five years of declines since 2010-11. 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 3: Statewide FTE Enrollment 2006-07 to 2015-16

| | FTEs | % Change |
|---------|--------|----------|
| 2006-07 | 69,290 | --- |
| 2007-08 | 70,587 | 1.9% |
| 2008-09 | 73,969 | 4.8 |
| 2009-10 | 82,842 | 12.0 |
| 2010-11 | 83,921 | 1.3 |
| 2011-12 | 80,068 | -4.6 |
| 2012-13 | 77,679 | -3.0 |
| 2013-14 | 74,480 | -4.1 |
| 2014-15 | 71,358 | -4.2 |
| 2015-16 | 68,371 | -4.2 |

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 2015-16. Table 5 provides a breakdown of revenue sources from 2006-07 through 2015-16. Each of these sources is detailed in the following sections.

Table 4: WTCS District Revenues -- 2015-16 (\$ in Millions)

| | Amount | % of Total |
|----------------------------------|------------------|---------------|
| Property Taxes | \$416.7 | 26.9% |
| State Aid | 513.8 | 33.1 |
| Tuition and Fees | 264.6 | 17.1 |
| Federal Aid | 61.5 | 4.0 |
| Self-Financing/ Miscellaneous | <u>293.9</u> | <u>18.9</u> |
| Total | \$1,550.5 | 100.0% |

Note: Excludes revenues from increases or decreases in fund balance and proceeds from debt.

Table 5: WTCS District Revenues 2006-07 through 2015-16 (\$ in Millions)

| Year | Property Taxes | | State Aid* | | Tuition & Fees | | Federal** | | Other*** | | Total | |
|---------|----------------|----------------|------------|----------------|----------------|----------------|-----------|----------------|----------|----------------|-----------|----------------|
| | Amount | Percent Change | Amount | Percent Change | Amount | Percent Change | Amount | Percent Change | Amount | Percent Change | Amount | Percent Change |
| 2006-07 | \$650.6 | 4.6% | \$135.5 | -0.3% | \$182.4 | 7.6% | \$54.7 | 6.8% | \$266.6 | 15.8% | \$1,289.8 | 6.7% |
| 2007-08 | 680.6 | 4.6 | 136.7 | 0.9 | 194.4 | 6.6 | 49.3 | -9.9 | 269.6 | 1.1 | 1,330.6 | 3.2 |
| 2008-09 | 714.6 | 5.0 | 135.2 | -1.1 | 217.8 | 12.0 | 49.1 | -0.4 | 272.6 | 1.1 | 1,389.3 | 4.4 |
| 2009-10 | 742.6 | 3.9 | 137.0 | 1.3 | 259.0 | 18.9 | 58.0 | 18.1 | 275.9 | 1.2 | 1,472.5 | 6.0 |
| 2010-11 | 757.3 | 2.0 | 137.0 | 0.0 | 276.1 | 6.6 | 54.6 | -5.9 | 282.2 | 2.3 | 1,507.2 | 2.4 |
| 2011-12 | 771.3 | 1.8 | 101.2 | -26.1 | 279.0 | 1.1 | 48.0 | -12.1 | 287.2 | 1.8 | 1,486.7 | -1.4 |
| 2012-13 | 786.8 | 2.0 | 101.4 | 0.2 | 280.2 | 0.4 | 51.8 | 7.9 | 301.5 | 5.0 | 1,521.8 | 2.4 |
| 2013-14 | 796.7 | 1.3 | 102.9 | 1.5 | 281.3 | 0.4 | 55.2 | 6.6 | 297.5 | -1.3 | 1,533.6 | 0.8 |
| 2014-15 | 407.1 | -48.9 | 508.9 | 394.6 | 273.8 | -2.7 | 59.2 | 7.2 | 316.8 | 6.5 | 1,565.8 | 2.1 |
| 2015-16 | 416.7 | 2.4 | 513.8 | 1.0 | 264.6 | -3.4 | 61.5 | 3.9 | 293.9 | -7.2 | 1,550.5 | -1.0 |

*Includes general and categorical aids only; excludes aids to individuals and organizations, and funds received from other state agencies.

**Only shows federal aid not distributed as student financial aid.

***Self-financing operations, aids to individuals and organizations, funds from other state agencies, and miscellaneous revenues.

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 other costs to the districts such as debt service. A breakdown of these costs for 2015-16 is shown in Table 6. The difference between total system costs (\$1,531.9 million) and total revenues (\$1,550.5 million) in 2015-16 will result in revenues being carried over as fund balances, which will be available for expenditure in the current year.

Table 6 : WTCS District Costs – 2015-16
(\$ in Millions)

| | Amount | % of Total |
|------------------------------|------------------|---------------|
| Operational Costs | | |
| Instruction | \$695.6 | 45.4% |
| Instructional Resources | 24.7 | 1.6 |
| Student Services | 116.4 | 7.6 |
| General/Administrative | 145.2 | 9.5 |
| Physical Plant | 86.9 | 5.7 |
| Nonoperational Costs* | | |
| Debt Service | 207.9 | 13.6 |
| Other** | <u>255.2</u> | <u>16.7</u> |
| Total | \$1,531.9 | 100.0% |

*Excludes capital outlay.

**Includes auxiliary operations.

Property Taxes

In 2015-16, property taxes accounted for 26.9% of technical college system revenues. Prior to 2014-15, the property tax was the largest source of revenue for the Technical College System. Between 2004-05 and 2013-14, the property tax represented between 50.4% and 52.0% of total system revenues. Following the implementation of 2013 Act 145, which provided \$406 million annually for property tax relief aid associated with the WTCS levy, the percentage of revenues funded by property taxes decreased.

For much of the System's history, beginning with the System's creation in 1911, districts were restricted in how much property tax they could levy by a mill rate. Beginning in the mid-1970s, state law limited 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 was referred to as the operational mill rate. Under 2011 Act 32, a district board's tax levy in 2011 and 2012 could not exceed 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. Each district's mill rate was also prohibited from exceeding 1.5 mills in those years.

Under 2013 Act 20, the 1.5 mill rate limit was repealed and replaced with a levy limit that prohibited any district from increasing its operational levy in 2013 or any year thereafter by a percentage greater than the district's valuation factor. The valuation factor is defined by law as a percentage equal to the greater of either zero percent or the percentage change in the district's January 1 equalized value resulting from the aggregate new construction in the district, less improvements removed, between the previous year and the current year, as determined by the Department of Revenue (DOR).

Under 2013 Act 145, the Act 20 levy limit was replaced with a revenue limit. Beginning in the 2014-15 school year, each district is prohibited from increasing its revenue in any year by a percentage greater than the district's valuation factor. For purposes of this revenue limit, revenue is defined as the sum of the tax levy and state property tax relief aid. State general and categorical aids are not counted towards the revenue limit. The limit also excludes taxes levied for the purpose of paying principal and interest on valid bonds and notes, other than noncapital notes.

If a district's allowable revenue is greater than its actual revenue in any year, that district's reve-

nue limit in the following school year may increase by the difference between the prior year's actual and allowable revenue, up to a maximum increase of 0.5% of the actual revenue in that year if approved by the district board in a three-fourths vote. Exemptions are also provided for refunded or rescinded property taxes, if those taxes resulted in a redetermination of the district's equalized valuation by DOR.

Table 7 shows the previous year's operating levy and valuation factor used to calculate the revenue limit for each district in 2016-17. Allowed revenue for each district equals the 2015-16 operating levy increased by a percentage equal to the district's valuation factor. Revenue subject to the revenue limit includes the district's operating tax levy and the state property tax relief aid passed under 2013 Act 145, equal to a total of \$406 million annually.

If a district board wishes to exceed the revenue limit, the board is required to submit a proposed excess levy for a referendum. A referendum by Blackhawk Technical College to exceed its revenue limit, the first operational referendum to be requested by a technical college, was rejected by voters in August, 2014. If a district's board exceeds its revenue limit without requesting a referendum, the WTCS Board is required to reduce state general aid payments by an amount equal to the amount of the excess revenue, ensuring that the amount of excess revenue is not included in determining the revenue limit for the following year and continuing to subtract excess revenue from state aid payments in future years if necessary, except under certain circumstances

related to clerical errors.

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. Between 1990 and the fall of 2016, 15 debt levy referendums were approved by voters and five referendums were denied.

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). In addition, under 2013 Act 20, the referendum requirement does not apply to capital expenditures of up to \$2,500,000 if the district board receives an equal amount of federal funds for the project.

Table 7: Total Allowed and Actual Revenue By District - 2016-17

| | 2015-16 | | | Valuation Factor | 2016-17 | | | | Actual Revenue Over/Under Allowed Revenue | Total Over/Under With Carryover |
|-----------------|-----------------|----------------|-------------------------|---------------------|--------------------|-------------------|------------------------|--------------|--|--|
| | Allowed Levy | Actual Levy | Carryover to 2016-17 | | Allowed Revenue | Actual Revenue | | | | |
| | | | | | | Operating Levy | Property Tax Relief | Total | | |
| Blackhawk | \$16,279,000 | \$16,279,000 | \$0 | 0.01266 | \$16,485,100 | \$6,687,800 | \$9,797,300 | \$16,485,100 | \$0 | \$0 |
| Chippewa Valley | 30,815,900 | 30,815,900 | 0 | 0.01778 | 31,363,900 | 13,041,600 | 18,322,300 | 31,363,900 | 0 | 0 |
| Fox Valley | 50,402,400 | 50,402,400 | 0 | 0.01659 | 51,238,800 | 22,119,300 | 29,119,500 | 51,238,800 | 0 | 0 |
| Gateway | 52,611,700 | 52,611,700 | 0 | 0.01168 | 53,226,000 | 20,522,300 | 32,703,700 | 53,226,000 | 0 | 0 |
| Lakeshore | 18,123,400 | 18,123,400 | 0 | 0.01192 | 18,339,500 | 6,461,600 | 11,877,900 | 18,339,500 | 0 | 0 |
| Madison Area | 97,439,000 | 97,439,000 | 0 | 0.02047 | 99,433,800 | 38,539,600 | 60,894,200 | 99,433,800 | 0 | 0 |
| Mid-State | 16,870,900 | 16,870,900 | 0 | 0.01210 | 17,075,100 | 6,420,400 | 10,654,700 | 17,075,100 | 0 | 0 |
| Milwaukee Area | 105,599,700 | 105,599,700 | 0 | 0.01389 | 107,066,500 | 46,650,700 | 60,415,800 | 107,066,500 | 0 | 0 |
| Moraine Park | 30,985,300 | 30,985,300 | 0 | 0.01126 | 31,334,200 | 10,620,500 | 20,713,700 | 31,334,200 | 0 | 0 |
| Nicolet Area | 18,406,100 | 18,406,100 | 0 | 0.00617 | 18,519,700 | 3,738,100 | 14,781,600 | 18,519,700 | 0 | 0 |
| Northcentral | 22,919,000 | 22,919,000 | 0 | 0.01204 | 23,194,900 | 9,965,500 | 13,229,400 | 23,194,900 | 0 | 0 |
| Northeast WI | 45,112,900 | 45,111,800 | 1,100 | 0.01153 | 45,631,700 | 14,078,000 | 31,553,700 | 45,631,700 | 0 | -1,100 |
| Southwest WI* | 11,255,900 | 11,255,900 | 0 | 0.01363 | 11,492,100 | 4,963,900 | 6,528,200 | 11,492,100 | 0 | 0 |
| Waukesha Co. | 54,202,800 | 53,638,300 | 268,200** | 0.01628 | 54,511,200 | 10,418,900 | 43,219,300 | 53,638,200 | - 873,000 | -1,141,200 |
| Western*** | 26,003,400 | 26,003,400 | 0 | 0.01594 | 26,462,700 | 11,276,500 | 15,186,200 | 26,462,700 | 0 | 0 |
| WI Indianhead | 32,153,800 | 32,153,800 | 0 | 0.00899 | 32,442,900 | 5,440,500 | 27,002,400 | 32,442,900 | 0 | 0 |

*2016-17 allowed revenue includes \$82,800 allowable levy increase due to rescinded taxes.

**Carryover of underlevy cannot exceed 0.5% of actual levy.

***2016-17 allowed revenue includes \$44,800 allowable levy increase due to refunds due to contested assessments.

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

| | Equalized Value | | Operational Levy | | | Debt Levy | | | Total Levy | | |
|---------|-----------------|----------|------------------|----------|-----------|-----------|----------|-----------|------------|----------|-----------|
| | Amount | % Change | Amount | % Change | Mill Rate | Amount | % Change | Mill Rate | Amount | % Change | Mill Rate |
| 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 |
| 2013-14 | 453,070.6 | -0.8 | 615.1 | 0.8 | 1.36 | 181.6 | 2.8 | 0.40 | 796.7 | 1.3 | 1.76 |
| 2014-15 | 463,806.6 | 2.4 | 215.6 | -64.9 | 0.47 | 191.5 | 5.5 | 0.41 | 407.1 | -48.9 | 0.88 |
| 2015-16 | 474,271.0 | 2.3 | 222.6 | 3.2 | 0.47 | 194.1 | 1.4 | 0.41 | 416.7 | 2.4 | 0.88 |
| 2016-17 | 487,833.4 | 2.9 | 230.9 | 3.7 | 0.47 | 203.1 | 4.6 | 0.42 | 434.1 | 4.2 | 0.89 |

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 2006-07 through 2016-17. The total levy generally increased from year to year with changes in districts' property values and valuation factors. From 2006-07 through 2008-09, as property valuations increased, property

taxes increased at an annualized growth rate of 4.7%. From 2008-09 through 2013-14, property values declined each year, and the total levy increased at an annualized growth rate of 1.8%. In 2014-15, when \$406 million of property tax relief aid was distributed to districts, the levy was reduced by 48.9% compared to 2013-14. From 2014-15 to 2016-17, with property values in-

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

| District | 2015-16 | | | | 2016-17 | | | | | |
|-----------------|-------------|-----------|----------|-----------|-------------|----------|-----------|----------|----------|-----------|
| | Operational | | Total* | | Operational | | Total* | | | |
| | Amount | Mill Rate | Amount | Mill Rate | Amount | % Change | Mill Rate | Amount | % Change | Mill Rate |
| Blackhawk | \$6.48 | 0.569 | \$13.67 | 1.199 | \$6.69 | 3.2% | 0.571 | \$14.21 | 4.0% | 1.213 |
| Chippewa Valley | 12.49 | 0.574 | 19.29 | 0.886 | 13.04 | 4.4 | 0.577 | 19.84 | 2.8 | 0.878 |
| Fox Valley | 21.28 | 0.627 | 37.93 | 1.118 | 22.12 | 3.9 | 0.636 | 38.77 | 2.2 | 1.115 |
| Gateway | 19.91 | 0.524 | 30.22 | 0.795 | 20.52 | 3.1 | 0.521 | 31.60 | 4.6 | 0.803 |
| Lakeshore | 6.25 | 0.457 | 10.95 | 0.801 | 6.46 | 3.5 | 0.468 | 11.12 | 1.6 | 0.805 |
| Madison Area | 36.54 | 0.508 | 66.69 | 0.927 | 38.54 | 5.5 | 0.512 | 72.73 | 9.1 | 0.966 |
| Mid-State | 6.22 | 0.501 | 10.36 | 0.834 | 6.42 | 3.3 | 0.512 | 10.82 | 4.4 | 0.862 |
| Milwaukee Area | 45.18 | 0.646 | 87.90 | 1.257 | 46.65 | 3.3 | 0.652 | 90.15 | 2.6 | 1.260 |
| Moraine Park | 10.27 | 0.427 | 16.17 | 0.672 | 10.62 | 3.4 | 0.429 | 16.22 | 0.3 | 0.656 |
| Nicolet Area | 3.62 | 0.215 | 6.42 | 0.381 | 3.74 | 3.1 | 0.222 | 6.53 | 1.8 | 0.388 |
| Northcentral | 9.69 | 0.641 | 19.23 | 1.273 | 9.97 | 2.9 | 0.639 | 19.73 | 2.6 | 1.265 |
| Northeast WI | 13.56 | 0.364 | 28.97 | 0.778 | 14.08 | 3.8 | 0.372 | 31.84 | 9.9 | 0.841 |
| Southwest WI | 4.73 | 0.615 | 9.57 | 1.245 | 4.96 | 5.0 | 0.626 | 9.91 | 3.6 | 1.252 |
| Waukesha Co. | 10.42 | 0.206 | 19.21 | 0.380 | 10.42 | 0.0 | 0.200 | 19.21 | 0.0 | 0.368 |
| Western | 10.82 | 0.602 | 28.34 | 1.577 | 11.28 | 4.3 | 0.607 | 29.15 | 2.9 | 1.568 |
| WI Indianhead | 5.15 | 0.163 | 11.81 | 0.374 | 5.44 | 5.6 | 0.167 | 12.26 | 3.9 | 0.378 |
| Statewide | \$222.62 | 0.469 | \$416.73 | 0.879 | \$230.95 | 3.7% | 0.473 | \$434.09 | 4.2% | 0.890 |

*Total levy including debt service.

creasing in each year and state property tax relief aid unchanged at \$406 million, the levy increased at an annualized growth rate of 3.3%.

Table 9 indicates each district's operational and total tax levy and mill rate for 2015-16 and 2016-17. The percent change in each district's 2016-17 levy from the 2015-16 amount is also shown.

State Aid

Prior to 2014-15, state aid was provided to WTCS districts either in the form of unrestricted general aid or through categorical aids which were used to support specific programs or services. Between 2004-05 and 2013-14, state aid declined from 11.8% to 6.7% of total system revenue.

Under 2013 Act 20, a number of changes were made to state aid for technical college districts. State general aid was increased and a new formula was created under which a percentage of general state aid is allocated to technical colleges based on each college's performance on criteria established by the WTCS Board. Act 20 also changed the process by which state categorical aids for WTCS are distributed. Prior to the change, each biennial budget contained appropriations for each of 14 different categorical aid programs. Starting in the fiscal year 2014-15, all existing categorical aid appropriations were consolidated into one appropriation, distributed by the WTCS Board. The Board determines how to distribute these funds to the districts, and is required to submit an annual report to DOA, the Joint Committee on Finance, and the appropriate standing committees of the Legislature describing how the funds are distributed in each fiscal year.

Additionally, 2013 Act 145 further increased the amount of state aid funding distributed to WTCS by appropriating \$406 million annually for property tax relief aid associated with the WTCS levy. This aid was distributed for the first

Table 10: State Aid to WTCS Districts

| State Aid Program* | 2015-16 Budgeted | 2016-17 Budgeted |
|---|---------------------|---------------------|
| Property Tax Relief Aid | \$406,000,000 | \$406,000,000 |
| General Aids | 88,534,900 | 88,534,900 |
| Grants to District Boards | 21,874,200 | 21,874,200 |
| Fire Schools (PR) | 600,000 | 600,000 |
| Veteran Grant Jobs Pilot Program (SEG) | 0 | 500,000 |
| Grants to Meet Emergency Financial Need | 0 | 320,000 |
| Truck Driver Training (PR) | <u>150,000</u> | <u>150,000</u> |
| | \$517,159,100 | \$517,979,100 |

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

time in 2014-15. With the inclusion of property tax relief aid, state aid equaled 33.1% of total system revenue in 2015-16.

A breakdown of budgeted state aid for 2015-16 and 2016-17 is shown in Table 10.

1. Property Tax Relief Aid. Of the \$1.04 billion in total direct state aid provided to WTCS districts in the 2015-17 biennium, \$812 million (or 78.4%) is designated as property tax relief aid. This aid is distributed to the districts on the third Friday in February. The percent of the funds received by each district is determined using the ratio of the individual district's equalized value to the equalized value of all districts as of January 1, 2014. Property tax relief aid is counted under each district's revenue limit, and therefore each district's property tax relief aid reduces its operational levy by an equal amount.

2. General Aid. In the 2015-17 biennium, \$177.1 million is distributed as general, unrestricted aids to partially equalize the fiscal capacities of the 16 WTCS districts. The majority of general aid (70% of 2016-17 general aid, or \$62.0 million) is distributed using a formula through which districts with less property valuation behind each student receive a higher percentage of their aidable costs 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. 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.

In 2016-17, the remaining 30% of general aid (or \$26.5 million) is distributed based on each district's performance on performance criteria described in state law. Under 2013 Act 20, in 2014-15, 10% of state general aid was determined by performance, and that percentage increased to 20% in 2015-16 and 30% in 2016-17. No funding would be allocated using the performance criteria after the 2016-17 fiscal year.

The performance measures include: (a) the placement rate of students in jobs related to students' programs of study; (b) the number of degrees and certificates awarded in high-demand fields, as determined by the Board and the Department of Workforce Development; (c) the number of programs or courses with industry-validated curriculum; (d) the transition of adult students from basic education to skills training; (e) the number of adult students served by basic education courses, adult high school or English language learning courses, or courses that combine basic skills and occupational training as a means of expediting basic skills remediation, and the success rate of adult students completing these courses; (f) participation in dual enrollment programs; (g) the workforce training provided to businesses and individuals; (h) participation in statewide or regional collaboration or efficiency initiatives; (i) training or other services provided to special populations or demographic groups that can be considered unique to the district; and (j) the development and implementation of a pol-

icy to award course credit for relevant educational experience or training not obtained at an institution of higher education, including skills training received during military service. This last criterion was created in 2015 Act 55 and will first apply to aid distributed in 2016-17.

Performance funding in each fiscal year is determined by the district's performance in the three previous fiscal years on seven of the ten performance criteria, to be selected by the district prior to the calculation of aid for each fiscal year. The State Board is responsible for designing a system to allocate the funds. The Board approved a plan for performance spending in March, 2014, and submitted a statutorily required report to the Joint Committee on Finance in April, 2014, defining the criteria for each performance measure and the formulas that will be used to allocate funding based on performance. The Board files annual reports with the Committee on this aid.

Table 11 shows total general aid to WTCS districts from 2006-07 through 2016-17. 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 6.5 percentage points since 2006-07 (from 16.3% to the current estimate of 9.8%) and has declined in all but two 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 seven of those 10 years.

3. Grants to District Boards. Beginning in 2014-15, the System Board has the authority to distribute \$21.9 million annually in categorical aid funding according to guidelines developed by the Board. Table 12 lists the grant categories and the funding designated by the Board for each in 2015-16. The table includes carryover funds from the prior year.

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 | | |
| 2006-07 | \$117,815,000 | --- | \$723,358,432 | --- | 16.3% | --- |
| 2007-08 | 118,415,000 | 0.5% | 761,517,440 | 5.3% | 15.5% | 2.8% |
| 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 |
| 2011-12 | 83,534,900 | -30.0 | 815,664,150 | -5.0 | 10.2 | 3.2 |
| 2012-13 | 83,534,900 | 0.0 | 840,895,313 | 3.1 | 9.9 | 2.1 |
| 2013-14 | 83,534,900 | 0.0 | 855,260,147 | 1.7 | 9.8 | 1.5 |
| 2014-15 | 83,534,900 | 0.0 | 881,338,742 | 3.0 | 9.5 | 1.9 |
| 2015-16 | 88,534,900 | 6.0 | 894,290,401 | 1.5 | 9.9 | 0.1 |
| 2016-17 | 88,534,900 | 0.0 | 900,560,610 | 0.7 | 9.8 | 1.8 |

*Aidable costs are based on district estimates.

**Changes in Consumer Price Index-All Urban Consumers for calendar years 2006 through 2016. CPI-U for 2016 is estimated.

Core Industry. This grant category is designed to support training in core industry areas. Grant funds may be used to purchase technology and equipment or instructional materials, provide training and professional development to instructors, and support curriculum adaption and instruction. In 2015-16, the Board awarded \$5.4 million for core industry grants to technical college districts. With these funds, 22 grants were awarded to 12 technical college districts.

Career Pathways. Career pathways are strategies for earning the credentials necessary to obtain employment within an occupational industry and to advance to higher levels of employment in

that industry. Grants in this category may be used for instruction, supportive and planning services, professional development, the establishment of dual credit agreements, and other activities that support students' transitions into the workforce and on to higher positions. Grants require matching funds of 25% of the total project cost from districts. In 2015-16, the Board awarded \$4.2 million for career pathways grants. Nineteen grants were awarded to 14 districts.

Workforce Advancement Training. These funds support training for employees of established businesses operating in Wisconsin, as well as regional workforce and economic development efforts. Training under these grants must focus primarily on occupational skills, but can include a combination of occupational, academic, or employability skills. Grants may be used to assess the training needs of employees, develop curriculum, provide staff development for instructional staff, purchase supplies or equipment related to instructional activities completed under the grant, provide basic skills or English language learning instruction, or provide technical assistance to employers resulting in the advancement of current employees or additional hiring of new employees. The Board awarded \$3.9 million for these grants in 2015-16. Grants are awarded

Table 12: Grants to District Boards -- 2015-16

| Grant Category | Amount |
|------------------------------------|----------------|
| Core Industry | \$5,384,500 |
| Career Pathways | 4,238,900 |
| Workforce Advancement Training | 3,895,400 |
| Student Support | 3,274,800 |
| Systemwide Leadership | 3,427,000 |
| Developing Markets | 1,490,700 |
| Professional Development | 1,000,000 |
| Apprenticeship-Related Instruction | <u>602,400</u> |
| Total | \$23,313,700 |

throughout the academic year.

Student Support. Student support grants are intended to fund the creation, expansion, or implementation of programs that provide direct services to students. Allowable activities include case management, advising, counseling and/or career services, transition and accommodation services for students with disabilities, tutoring, emergency dependent care or transportation assistance, and other services. Grants require matching funds of 25% of the total project cost from districts. In 2015-16, the Board awarded \$3.3 million for student support grants. With these funds, grants were awarded to all 16 technical college districts.

Systemwide Leadership. Additional grants are available to support projects that have a systemwide impact, particularly projects that support system goals related to performance funding criteria. Examples of projects funded under this category include a statewide veterans service summit and resource center to support specialized services for veterans, curriculum review for courses that are taught using the same curriculum across the state, and the development of early childhood education course articulation agreements between high schools and technical colleges. In 2015-16, the Board awarded \$3.4 million for grants funding statewide projects. Grants are awarded throughout the academic year.

Developing Markets. Grants awarded under the new markets category are designed to support the development of programs that are new to a district, including the development of curriculum and instructional materials, the purchase of equipment, staff development, and instruction. In 2015-16, the Board awarded \$1.5 million for new market grants to districts. Twelve grants were awarded to nine technical college districts.

Professional Development. This category supports professional development activities for instructors and other staff, including activities

such as a peer coaching and mentoring program, programs to ensure the currency of staff knowledge and skills, in-service activities or workshops, staff orientation, and other activities. In 2015-16, the Board awarded \$1 million for professional development grants, and with these funds, grants were awarded to all sixteen technical college districts.

Apprentice-Related Instruction. Grants awarded under this category are intended to support systemwide apprenticeship curricula development as well as provide direct support for contractually required apprentice-related instruction that cannot otherwise be provided due to limitations in district fiscal capacity. Grants may be used to review and revise curricula, ensure that curricula is industry approved and aligns with state standards, respond to industry demand outside of the normal budget process, support classroom delivery or regional delivery through inter-district partnerships, or other activities related to apprentice instruction. In 2015-16, the Board awarded \$602,360 for this category, including \$300,000 for system-wide apprentice curriculum and \$302,360 for direct instruction support.

4. 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 2015-16 and 2016-17, budgeted fire dues revenues for the program were \$600,000. In 2015-16, funding supported training for 5,226 firefighters in programs conducted by WTCS districts.

4. Veterans Job Grant Pilot Program. 2015 Act 55 created a one-year pilot program in 2016-17 to provide grants to technical college districts to support programs or services for veterans. Under the program, \$500,000 SEG from the veterans trust fund is provided for the grants.

Districts must provide matching funds of 50% of the total project cost. No grant can be awarded later than June 30, 2017.

Under state law, programs or services eligible for grants include the following: (a) recruiting, training, or graduating veterans in high demand fields, as identified by the Department of Workforce Development; (b) providing specialized support services for veterans, including career pathway planning, case management, or advising by experts in military education related to obtaining credit for prior learning; (c) collaborations with employers; (d) work-based learning activities, such as internships, service learning, mentoring, job coaching, and job shadowing; (e) specialized instructional methodologies that have been demonstrated to be helpful for veterans to enhance student retention and completion; (f) creating, expanding, or implementing innovative methods that provide direct services to help veterans complete courses, semesters, programs, or certificates; (g) counseling or career services; (h) targeted services based on student need such as financial literacy, career assessment and planning services, veterans peer support groups, or tutoring; (i) accommodation and transition services, including assistive technology such as adaptive equipment for injured veterans; (j) providing access or referrals to emergency dependent care and transportation assistance; and (k) any other program or service for veterans.

The Board is required to submit a report on the program to the Joint Committee on Finance by September 1, 2017, that includes the following information: (a) the technical colleges that received grant funding and the amount of funding received by each; (b) the programs or services funded through the grant program; (c) the total number of veterans supported through the program; and (d) the amount of unencumbered funds, if any, that lapsed to the veterans trust fund at the end of the 2015-17 biennium.

4. Grants for Emergency Financial Need.

2015 Act 282 created a program to provide small grants to WTCS students experiencing emergency financial need. A student is eligible for funding under the program if his or her expected family contribution, as determined by the federal Free Application for Federal Student Aid (FAFSA), is less than \$5,000. A financial emergency is defined as an unplanned event causing an unanticipated expense that would cause a student not to complete that term if a grant were not available to cover the expense, such as charges for medical treatment or vehicle repair. Expenses including tuition, textbooks, student fees, alcohol or tobacco, groceries, entertainment, legal services, or fines or forfeitures resulting from legal violations are not eligible.

Under the program, the Board distributes funds to each technical college district based on the anticipated need and demand for grants at each technical college. Of the \$320,000 provided in 2016-17, the Board divided 25% of the total funds equally among the districts (\$80,000 total, or \$5,000 for each of the 16 districts); 50% (or \$160,000) based on each district's share of the total number of WTCS students receiving Pell Grants; and the remaining 25% based on need until all funds are distributed.

Each technical college must create a brief application process for grant funding, and decisions on grant applications and disbursement of funds must be made within five business days of a student's application. Students must include with their applications written proof of the nature and amount of the expense, such as a bill.

Each technical college must collect and report data related to the program, including the number of grants awarded and the number of students receiving grants, the types of expenses for which students requested grants, the number of grant applications denied, the total amount of grant funding awarded and the amount available but not awarded, and outcomes for students receiving

grants. The Board must submit an annual report to the Legislature with this information by June 30 of each year, beginning in 2017.

5. 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 2015-17 biennium, data on the number of eligible commercial vehicle violations and convictions in past years indicate that actual surcharge revenue varies. This is a continuing appropriation, and unexpended revenues carry over for distribution in subsequent years. WTCS awarded grants to all three truck driver training programs in 2015-16 which totaled \$74,600 (\$18,200 to Chippewa Valley, \$36,200 to Fox Valley, and \$20,200 to Waukesha County).

6. Work-Based Learning Grants to Tribal Colleges. The System Board awards funds to support occupational training and work-based learning experiences for youth and adults at two tribal colleges: Lac Courte Oreilles Ojibwa Community College and the College of Menominee Nation. Grant funds can support youth apprenticeship programs for youth or adults, other work-based learning or employability skills training for youth, basic skills or occupational skills training for workers or unemployed adults, or other services. Tribal gaming revenue provides \$594,000 annually for these grants. Lac Courte Oreilles Ojibwa Community College and the College of Menominee Nation are each eligible to apply for up to \$297,000 in funding.

Tuition Revenues

In 2015-16, 17.1% (\$264.6 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 2016-17, resident tuition for PS/VA courses is \$130.35 per credit or \$3,910.50 annually for a full-time student. This rate was set to recover 21.5% 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 2016-17, tuition for collegiate transfer programs is \$176.35 per credit or \$5,290.50 annually, as compared to annual tuition of \$4,750 at the two-year UW Colleges. The current rate was set to recover 48.1% of collegiate transfer costs.

Table 13 shows per credit and annual resident tuition charges from 2006-07 through 2016-17.

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

Table 13: WTCS Resident Tuition

| | Post-Secondary/Vocational-Adult | | | Collegiate Transfer | | |
|---------|---------------------------------|------------|----------|---------------------|------------|----------|
| | Per Credit | Annual* | % Change | Per Credit | Annual* | % Change |
| 2006-07 | \$87.00 | \$2,610.00 | --- | \$117.90 | \$3,537.00 | --- |
| 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 | 142.22 | 4,266.60 | 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 |
| 2013-14 | 122.20 | 3,666.00 | 4.5 | 165.40 | 4,962.00 | 4.5 |
| 2014-15 | 125.85 | 3,775.50 | 3.0 | 170.35 | 5,110.50 | 3.0 |
| 2015-16 | 128.40 | 3,852.00 | 2.0 | 173.75 | 5,212.50 | 2.0 |
| 2016-17 | 130.35 | 3,910.50 | 1.5 | 176.35 | 5,290.50 | 1.5 |

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

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 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, as long as they maintain a cumulative grade point average of at least 2.0.

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 or have been a resident of

this state for at least five consecutive years immediately preceding enrollment. 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 on active duty under honorable conditions for at least 90 days during a war period; (4) service qualifying for certain service-related medals; (5) service ending in honorable discharge for a service-related disability or for reasons of hardship; or (6) 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, veterans 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 Montgomery 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 2015-16, WTCS provided remissions totaling \$2.5 million to 1,431 veterans. Supplemental stipend payments were made to 418 veterans and totaled \$1.0 million.

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. 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. The recipient of the remission must maintain a cumulative grade point average of at least 2.0.

In 2015-16, technical colleges remitted \$1.9 million in tuition and fees to 822 students under the spouses and children provision.

Wisconsin technical college district boards received reimbursements totaling \$1.6 million through an appropriation under the Higher Educational Aids Board. This amount fully reimbursed the district boards for all reimbursement/supplemental payments made directly to veterans and for 15.0% of tuition and fee remissions provided to veterans, children, and spouses.

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, who was killed in the line of duty in Wisconsin or who died as a result of a qualifying disability, provided that the child or surviving spouse is enrolled in a postsecondary/vocational adult or collegiate transfer program. Eligible students must maintain good academic standing and 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 2015-16, two students received remissions totaling \$3,000.

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 2015-16, federal aid provided a total of \$288.6 million to technical college districts. Based on past years, it is estimated that approximately 80% of the federal moneys received by districts is for student financial aid. Student financial aid is received by the colleges and passed through to students, who then use aid to pay for tuition, materials fees, books, and other fees paid to technical colleges. Less financial aid, federal aid provided 4.0% (\$61.5 million) of technical college district revenue in 2015-16.

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 (\$11.3 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 2015-16, total funding was \$20.2 million. The state grant was split between WTCS (\$11.3 million) and the Department of Public Instruction (\$9.0 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 2015-16, 18.9% (\$293.9 million) of total WTCS revenue was obtained from other sources, including transfers from other state agencies, 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.

As an example of funding received from other state agencies, 2013 Act 139 provided approximately \$31 million to the Department of Workforce Development (DWD) for technical college wait list reduction grants under DWD's Wisconsin Fast Forward program. Grant awards of over \$28 million have been made to technical college districts for wait list reduction.

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 2015-16, 7.66% of total equalized aidable cost (or 8.13% 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 2015-16 data.

1. Aidable cost equals \$36,982,786.
2. District equalized valuation per FTE student equals \$8,618,663.
3. Statewide equalized valuation per FTE student equals \$7,464,666.
4. $\frac{\$7,464,666}{\$8,618,663} = 0.8661$ which is the district's equalization index.
5. 0.8661 times \$36,982,786 equals the district's equalized aidable cost of \$32,030,791.
6. The total amount available for general aid (\$70,827,900) is divided into the statewide equalized aidable cost of \$925,909,336 to yield 7.6496%.

7. The district's equalized aidable cost of \$32,030,791 is multiplied by 7.6496% to yield \$2,450,200 the district's estimated state aid entitlement for 2015-16.

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 2015-16, equalization indices ranged from 0.36759 at Nicolet to 1.64181 at Northcentral.

Table 14 provides 2015-16 state aid estimates for each WTCS district. These figures will not be finalized until the completion of cost and FTE audits in June, 2017, when any necessary changes will be made by adjusting 2016-17 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 2015-16, the proportion of aidable cost funded through state aid varied from 2.8% at Nicolet to 12.6% at Northcentral, with a statewide average of 8.1%. 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 14: State General Aid to WTCS Districts -- 2015-16

| | 2015 Equalized Valuation | 2015-16 FTEs | Equalized Value/FTE | Equalization Index | Net Aidable Cost | Equalized Aidable Cost | State Aid | Percent Aid/Cost |
|-----------------|--------------------------------|-----------------|------------------------|-----------------------|------------------------|------------------------------|------------------|---------------------|
| Blackhawk | \$11,446,603,627 | 1,617 | \$7,077,032 | 1.05477 | \$25,558,614 | \$26,958,459 | \$2,062,200 | 8.1% |
| Chippewa Valley | 21,859,481,739 | 3,726 | 5,867,115 | 1.27229 | 43,187,581 | 54,947,127 | 4,203,200 | 9.7 |
| Fox Valley | 34,168,657,036 | 6,271 | 5,448,635 | 1.37001 | 76,086,910 | 104,239,828 | 7,973,900 | 10.5 |
| Gateway | 38,200,581,361 | 4,760 | 8,025,219 | 0.93015 | 65,187,782 | 60,634,415 | 4,638,300 | 7.1 |
| Lakeshore | 13,751,561,138 | 1,794 | 7,665,635 | 0.97378 | 24,529,957 | 23,886,782 | 1,827,200 | 7.4 |
| Madison Area | 72,461,464,359 | 9,513 | 7,617,103 | 0.97999 | 133,287,395 | 130,620,314 | 9,991,900 | 7.5 |
| Mid-State | 12,521,076,855 | 1,901 | 6,586,556 | 1.13332 | 22,533,664 | 25,537,852 | 1,953,500 | 8.7 |
| Milwaukee Area | 70,828,239,352 | 10,605 | 6,678,504 | 1.11772 | 154,410,925 | 172,588,179 | 13,202,300 | 8.6 |
| Moraine Park | 24,154,921,733 | 2,803 | 8,618,663 | 0.86610 | 36,982,786 | 32,030,791 | 2,450,200 | 6.6 |
| Nicolet Area | 16,861,471,147 | 830 | 20,306,873 | 0.36759 | 18,728,463 | 6,884,396 | 526,600 | 2.8 |
| Northcentral | 15,335,257,190 | 3,373 | 4,546,615 | 1.64181 | 35,310,685 | 57,973,436 | 4,434,700 | 12.6 |
| Northeast WI | 37,424,922,489 | 6,272 | 5,967,268 | 1.25094 | 67,237,855 | 84,110,522 | 6,434,100 | 9.6 |
| Southwest WI | 7,709,360,223 | 1,424 | 5,414,647 | 1.37861 | 18,225,249 | 25,125,511 | 1,922,000 | 10.5 |
| Waukesha Co. | 50,862,733,484 | 3,723 | 13,662,825 | 0.54635 | 59,957,637 | 32,757,855 | 2,505,800 | 4.2 |
| Western | 18,016,300,388 | 3,171 | 5,680,882 | 1.31400 | 51,537,878 | 67,720,772 | 5,180,300 | 10.1 |
| WI Indianhead | <u>31,642,630,873</u> | <u>2,151</u> | 14,711,952 | 0.50739 | <u>39,206,718</u> | <u>19,893,097</u> | <u>1,521,700</u> | 3.9 |
| Total | \$477,245,262,994 | 63,934 | \$7,464,666 | | \$871,970,099 | \$925,909,336 | \$70,827,900 | 8.1% |

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 2015-16, Waukesha would have received about \$4.9 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 approximately \$2.6 million. On the other hand, Northcentral, which had the lowest property valuation behind each student, would have received about \$2.9 million if all districts were provided an equal percentage of cost, but instead received \$4.4 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 2015-16, WTCS district valuations per FTE ranged from \$20,306,873 at Nicolet to \$4,546,615 at Northcentral, a difference of approximately 4.5 to 1. For the same year, adjusted school district valuations per pupil ranged from \$8,996,878 to \$183,435, a difference of 49 to 1.

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 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.

Tuition for resident students is calculated using the following equation:

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

It was estimated that, for 2016-17, PS/VA operational costs would be \$885,431,975 with 48,669 FTE students paying tuition. Collegiate transfer costs were projected to be \$78,433,689 with 7,129 FTE students. The Board decided on a target recovery rate of 21.5% of PS/VA operational costs. Thus, using the formula above, PS/VA tuition was calculated to be:

$$(\$885,431,975 \times 0.215) / (48,669\text{FTE}) \div 30 =$$

\$130.35 per credit (or \$3,910.50 annually for a full-time student)

The Board decided to recover 48.1% of the collegiate transfer costs, thus collegiate transfer tuition was calculated to be:

$$(\$78,433,689 \times 0.481) / (7,129 \text{ FTE}) \div 30 =$$

\$176.35 per credit (or \$5,290.50 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 2016-17, nonresident tuition equaled \$195.53 per credit for PS/VA (\$5,865.90 annually) and \$264.53 for collegiate transfer (\$7,935.90 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, La Crosse, Monroe, Richland, Trempealeau, Vernon |
| Indianhead | Shell Lake | Ashland, Barron, Bayfield, Burnett, Douglas, Iron, Polk, Rusk, St. Croix, Sawyer, Washburn |