

# **Recommendations and Report**

## **Ad Hoc Committee on Technical College Funding**

**Wisconsin Technical College District Boards Association  
June, 2008**

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**Cindy Huhn, *Lakeshore***  
**Ron Jandura, *Gateway***  
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**Ad Hoc Committee on Technical College Funding**  
**Wisconsin Technical College District Boards Association**

June, 2008

John Lukas, President  
Members of the Board of Directors  
Association Members

Dear President Lukas and Members,

On October 13, 2007, the Board of Directors of the Wisconsin Technical College District Boards Association appointed an Ad Hoc Committee on Technical College Funding. The Board provided the Committee with the following scope and purpose:

- Assess Wisconsin Technical College System funding issues and trends, both in terms of the next biennium budget cycle and concerning the long-term stability and sustainability of technical college funding;
- Identify opportunities for and challenges to funding stability including acceptable and unacceptable alternatives to current funding trends and models;
- Assess key issues related to funding such as the state budget process and legislative environment, advocacy efforts, the Association's internal and external partners in funding issues, and the relationship between funding and governance issues;
- Update the members as appropriate at the 2008 Winter and Spring quarterly meetings on January 25 and April 11; and
- Make a final report and any recommendations to the membership and board of directors at the 2008 Summer meeting on July 11 in Wisconsin Rapids.

Meeting eight times between November 2007 and June 2008, the Ad Hoc Committee read and discussed background papers, held discussion sessions with WTCS President Dan Clancy and Fox Valley Technical College President David Buettner, invited input from Association members, and provided updates to the Association at quarterly meetings.

The Ad Hoc Committee's recommendations are divided into five categories that promote Wisconsin's technical colleges. We recommend the Association serve as the catalyst to:

1. Champion significant new state-level investment in Wisconsin technical colleges while preserving local funding authority.
2. Create an expanded culture of innovation at Wisconsin technical colleges that increases revenue and efficiencies.
3. Promote significant new revenue opportunities for Wisconsin technical colleges.
4. Promote significant new opportunities for efficiencies, productivity and savings at Wisconsin technical colleges.
5. Create an expanded culture of advocacy for Wisconsin technical colleges.

The Committee has also provided a listing of additional key issues affecting technical college funding as the report's final section.

We are pleased to submit this report. We see the report as providing a number of options for Association consideration and action. We believe that the recommendations included in this report are consistent with the Association's mission while providing an opportunity to engage the membership at a higher level toward realizing that mission. The report, we hope, will serve as a focus for the Association's programming for 2008-2009 and beyond.

The Committee is appreciative of the leadership Association Executive Director Paul Gabriel provided throughout its work, and of the input from many stakeholders who are passionate about the mission of Wisconsin's Technical Colleges.

The Committee thanks you for the opportunity to prepare and present this report.

Dean Ryerson, Mid-State, Chairperson  
Cindy Huhn, Lakeshore  
Ron Jandura, Gateway  
Joan Jenstead, Waukesha County  
Bob Martini, Nicolet Area  
Fred Royal, Jr., Milwaukee Area  
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June, 2008

## Recommendations

The Ad Hoc Committee on Technical College Funding recommends that the District Boards Association become the catalyst to:

*Champion significant new state-level investment in Wisconsin technical colleges while preserving local funding authority.*

- Invest in Wisconsin technical colleges to protect and enhance their mission: matching Wisconsinites with the training and skills needed to fulfill their full potential as wage earners and taxpayers, and providing the skilled workforce needed for the state's economic development and prosperity.
- Demonstrate that the steadily falling share of state funding for technical colleges is interdependent with an increased reliance on local tax levies and tuition. Demonstrate that this is not sustainable financially or politically over the long term.
- Demonstrate that general aid serves two important purposes: the state's foundational investment in Wisconsin technical colleges, and an equalizing function among the colleges. Demonstrate that adequately meeting these purposes requires significant new state investment.
- Promote more strategically targeted outcomes for increased state investment, regardless of whether the increases are to general aid, existing categorical aid, or new categorical aid streams.
- Protect the general aid base appropriation and the aid formula; other than seeking formula changes that would improve its operation (e.g., a three-year aidable cost factor would be more predictable than the current one-year factor).
- Promote new state investment as the most viable way to stabilize overall system funding and to reduce pressure on property tax levies over the long term.
- Preserve local levy authority and flexibility as the colleges' bottom line while increasing state investment.

*Create an expanded culture of innovation at Wisconsin technical colleges that increases revenue and efficiencies.*

- Create an expanded culture of entrepreneurship and innovation that results in significant new revenue and new efficiencies, productivity and savings.
- Recognize that to thrive, an expanded culture of innovation must be built and mutually supported by the state WTCS and the local colleges. Identify and build a mutually-supported culture of innovation that acknowledges and accommodates the distinct roles each level of the system plays toward our common mission.
- Identify and promote incentives and rewards for entrepreneurship and innovation.
- Establish the creation of an expanded culture of innovation as a core leadership role of the District Boards Association through identification, sharing, and promoting of best practices.

*Promote significant new revenue opportunities for Wisconsin technical colleges.*

- Identify, share, and promote best practices leading to new college revenues as a core leadership role of the District Boards Association.

*Promote significant new opportunities for efficiencies, productivity and savings at Wisconsin technical colleges.*

- Identify, share, and promote best practices leading to new efficiencies, productivity and cost savings as a core leadership role of the District Boards Association.

*Create an expanded culture of advocacy for Wisconsin technical colleges.*

- Design and lead a comprehensive initiative across stakeholder groups creating a deeper and broader culture of advocacy supporting Wisconsin technical colleges.

June, 2008

## Report of the Ad Hoc Committee on Technical College Funding

The Ad Hoc Committee on Technical College Funding identified and assessed a wide range of issues<sup>1</sup> affecting technical college funding. In response, the Committee recommends that the District Boards Association become the catalyst to:

*Champion significant new state-level investment in Wisconsin technical colleges while preserving local funding authority.*

*The State of Wisconsin must invest in its technical colleges to protect and enhance their mission: matching Wisconsinites with the training and skills needed to fulfill their full potential as wage earners and taxpayers, and providing the skilled workforce needed for Wisconsin's economic development and prosperity.*

In many ways, this is the technical college era. Study after study<sup>2</sup> demonstrates the growing need for skilled individuals to fill current and emerging gaps in the state's workforce. This well-trained workforce will come overwhelmingly from within the state and overwhelmingly through the doors of its technical colleges.

Wisconsin's prosperity has never been more dependent upon its technical colleges. Technical colleges already provide access for hundreds of thousands of individuals annually across every conceivable level of preparation and educational objective, and across the full range of demographic and personal profiles. Sustaining and expanding this access is a highly effective answer to matching the state's vast untapped human potential with the unmet and evolving needs of the state's economic engines.

Global economic challenges traditionally increase technical college enrollments, and the current and near-term environment is no exception.<sup>3</sup> Training needs change as jobs and the economy steadily evolve, and as major events take place. The recent announcement that General Motors will close its Janesville plant and cut 2,600 jobs, for example, demonstrates the growing importance of technical colleges. News reports beginning the day of GM's announcement noted the importance of technical college re-training in responding to the GM closing crisis.<sup>4</sup>

Technical college education generates significant new income for the learner, and, correspondingly, significant new tax revenue for the state. In fact, an independent study determined that each \$1 of public funding invested in Wisconsin technical colleges generates \$2 in new tax revenue within just 2.2 years.<sup>5</sup> Dramatic new longitudinal data demonstrates huge income gains for Wisconsin Technical College System (WTCS) graduates, with annual income gains tracking significantly above inflation rates or the wage increases realized by other workers.<sup>6</sup>

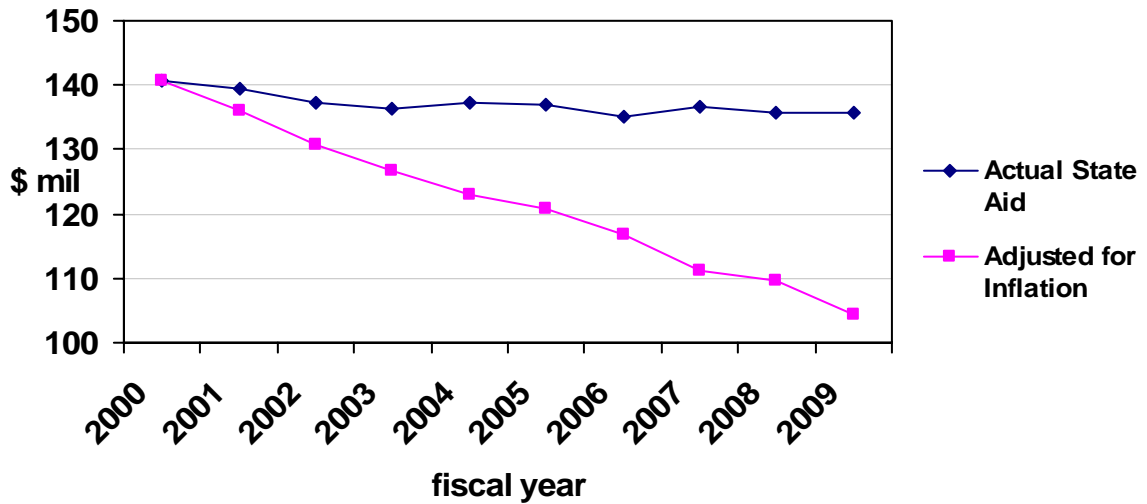
Perhaps the more profound story is not one of economic cycles, but of a changed world that will affect Wisconsin for the much longer term. The ever-accelerating rate of change in business and industry means that more individuals than ever – both new and incumbent workers – will seek technical college education and training throughout their working lives.

Responding effectively to a changed and changing world presents real challenges. One of the greatest of these is this report's subject: sustainable and balanced funding. The three-legged stool of WTCS funding, comprised primarily of local property tax levies, state aid, and student tuition, is less and less balanced every year.

*In an era of eroding state investment, Wisconsin technical colleges have increasingly turned to local tax levies and tuition to meet their districts' needs. This is not sustainable financially or politically over the long term.*

State support for Wisconsin technical colleges has declined steadily as a share of funding compared with local property tax levies and student tuition. The trend has been evident for two decades as colleges met pressing district needs by increasing local tax levies at a higher rate than the modest rates of increase in state aid. Since 2000, however, the picture has worsened and the trend has accelerated. Not only have there been no increases in state aid, the total state dollars supporting technical colleges have decreased outright. The WTCS has never been more important to the state, and yet, it receives fewer state dollars today than it did a decade ago.

**Total State-Level Aid to Technical Colleges<sup>7</sup>.**



Eroding state support has an impact on the other two equally-important funding sources: property taxes and tuition. While the growing imbalance in the basic three-way funding model has not yet destroyed the model, it is unsustainable over time and creates significant consequences today and for the future. Today, it makes for a weakened and less stable funding partnership between the state and local districts. It also greatly strains two funding providers, property taxpayers and students, as the state steps away from its fiscal commitment to the colleges.

Levy capacity may also become unstable over time distinct from the tax burden itself. Over the past two decades, the amount levied has increased, but more slowly than the significant and sustained increase in property values.<sup>8</sup> This meant districts were using less levy capacity and mill rates were dropping<sup>9</sup> as home values soared and districts became more dependent on property taxes. However, a period of flat or falling home values in the near or longer term could result in the loss of levy capacity as districts move quickly toward the 1.5 mil limit.

The increased share of funding carried by tax levies is also magnified by another factor somewhat hidden from public understanding. Residential property carries an increasing share of total property taxes relative to all property. Wisconsin's residential property taxpayers contributed just under 51% of total property taxes in 1970. By 2007, residential property accounted for 71% of all property tax

collections; largely due to decreases in the share contributed by manufacturing and agricultural property.<sup>10</sup>

Student contributions have also increased relative to state investment. In the past several years, tuition has risen to exceed the state's contribution of funding to the WTCS for the first time in history.<sup>11</sup> As the access point for affordable higher education, two-year institutions have traditionally recovered a smaller portion of cost from learners than have four-year institutions. The share of core funding students contribute for WTCS technical and occupation courses has grown from a long-stable 14% in recent years to 18% in 2007-08.<sup>12</sup> WTCS fulltime tuition for 2007-08 was \$2,762 for technical/occupational programs and \$3,741 for liberal arts transfer programs.<sup>13</sup> This is 117% and 158%, respectively, of the \$2,365 national average tuition for two-year colleges.<sup>14</sup>

Continued increases in the share tuition covers relative to state investment and property taxes are not realistic over the long term. While the WTCS has appropriately supported increases intended to blunt some of the pressure on levies in the absence of new state investment, this is not wise or sustainable over time in terms of student access and affordability. Simply put, it is not realistic as an alternative to new state investment for reasons of access or of equity.

***General aid serves two important purposes: it is the state's foundational investment in Wisconsin technical colleges, and it provides an equalizing function among the colleges. Meeting these purposes requires significant new state investment.***

General aid funding – the state's core investment in a statewide system of technical colleges – has eroded to the point that neither of its core purposes are any longer well-served. General aid serves as the state's stake in its college system, one of the three key funding sources with local levies, and student contributions. Through its distribution formula, it also serves an important equalizing function in funding among diverse districts.

The impact of both functions continues to decline as general aid declines relative to overall funding. From a purely fiscal viewpoint, it is difficult to argue that a viable state partnership exists when general aid has eroded from a 35.7% share among the three major revenue sources in 1979-80, to just 15.1% in 2007-08.<sup>15</sup> The level of state investment has fallen even further in some districts. Total state support represented less than 10% of all college revenues in six of sixteen college districts by 2006-07.<sup>16</sup> In this environment, a change to the aid formula makes a small and decreasing impact as the state pie shrinks relative to other funding.

*Promote more strategically targeted outcomes for increased state investment, regardless of whether the increases are to general aid, existing categorical aid, or new categorical aid streams.*

A number of key stakeholder groups - the WTCS Board, college presidents, district boards, and faculty, staff and student leaders - have recognized that new investment in the WTCS must be strategically targeted to more tangible initiatives and quantifiable outcomes. This must occur district-by-district, regionally, and statewide. The primary success behind obtaining the last significant new state investment in the colleges, categorical funding to expand nursing and health occupations enrollments, was due to the demonstration of need, commitment to measurable outcomes, support of employers, and follow-through to delivery on the colleges' promises. Highlighting the current critical needs across strategic program areas is imperative in an era in which aid for the sake of the state "doing the right thing" is no longer viable.

The colleges' key strength also creates an unsustainable challenge. The colleges have demonstrated significant ability to reallocate resources quickly and to adjust program mix to optimize access and services. This creates a highly relevant program mix. Ironically, it also makes it more difficult to justify new state investment. The colleges have demonstrated the ability to meet the highest priority needs without new state investment. By accomplishing this rapid reallocation, the colleges undermine the rationale for new state funding. At the same time, reallocation results in tough choices that leave deserving students unserved and valuable programs and services cut.

Additionally, the colleges are tacitly sent back to the levy because it's available. Further using the levy to meet the districts' needs, and using the levy as a funding resource when the state does not highly prioritize any new investment, play off each other as a self-fulfilling cycle undermining further state investment.

Targeting new state investment to critically needed access, providing skilled workers needed by business and industry, and generating prosperity and higher incomes must be more directly linked to WTCS aid requests. This can be accomplished by strategically targeted aid requests whether the new investment goes into general or categorical aid.

In addition to general aid (\$117.4 million annually in 2008-09<sup>17</sup>), the state appropriates to the WTCS approximately \$21 million annually for targeted categorical aid ranging from funds supporting emerging occupations to adult basic education to truck driving training.<sup>18</sup> There are pros and cons to increasing categorical aid relative to general aid and vice versa. More strategically targeted aid can be effectively utilized within one or both aid types.

***Protect the general aid base appropriation and the aid formula, other than seeking formula changes that would improve its operation (e.g., a three-year aidable cost factor would be more predictable than the current one-year factor).***

One of the great risks in strategically targeting aid is to risk cannibalizing the current general aid base appropriation. This is not acceptable. Opening the general aid funding pot for reallocation toward even the very highest priority needs would risk making the entire appropriation available for shifts or cuts outside the colleges' control. Protecting the base appropriation is and will remain a key defensive priority over time. A core or foundational investment by the state in its technical colleges is essential to long term fiscal stability and, in turn, to the WTCS meeting its mission.

The general aid formula has some tendency to reward higher costs and does not reward districts for realizing significant new efficiencies within current costs. Nevertheless, opening the formula poses significant risk to the districts and WTCS overall. The one exception to this would be to preserve the formula while making the amount a district receives more predictable from year-to-year. This could be accomplished by a small adjustment to count the average district cost structure over a three year period instead of using only the prior year's cost.

Otherwise, the risk of significant winners and losers among districts is too great to suggest changing the current formula. Two factors that must be met over time to allow for any major formula change are to: 1. provide enough new state investment to the base appropriation to "lubricate" a formula change with minimal losers among districts and, 2. assure a level of certainty in our ability to manage the outcome of reform in a volatile legislative environment.

***Promote new state investment as the most viable way to stabilize overall system funding and to reduce pressure on property tax levies over the long term.***

While new state investment will restore a shared and balanced state-local partnership and the funding model's stability, it is also an effective tool in reducing property tax increases. The WTCS has mitigated the increase in levies to a rate well below the increase in property values. The increases, in fact, have been modest in the context of technical college districts as the only form of local government without new levy limits having been imposed in recent years.<sup>19</sup> Nevertheless, the trends described in this report; steadily falling state investment in actual dollars and, more profoundly, in the share of funding relative to property taxes and student contributions, must serve as an alarm.

*Preserve local levy authority and flexibility as the colleges' bottom line while increasing state investment.*

Generating significant new state-level investment must not occur at the expense of local flexibility. The colleges and their key partners must continue to protect local funding flexibility as a bottom line. While the current funding trajectory may not be sustainable for the long haul, trading local levy authority for any level of new state investment is likely to result, even if not immediately, in lost access, capacity, and ability to respond quickly. The nimbleness for which the colleges are often recognized is primarily a function of local flexibility and funding authority.

Local funding is and will remain central and essential to the colleges. The goals of significant new state investment are not to eliminate the levy. They are: to restore and raise the state's place as a partner in providing world-class colleges, to stabilize the shared funding model for the long term, and – at the same time – to reduce pressure on property tax and student tuition increases over time.

We live in an environment in which public institutions are criticized for seeking new funding as an exclusive answer, even when such funding is solidly justified. This report continues with sections demonstrating that new state investment, while essential, must be balanced by the creation of an expanded culture of innovation that creates new revenue opportunities and new efficiencies for the colleges. The final section explores how realizing these objectives will require an expanded culture of advocacy that reinforces the value and central role technical colleges play in the state's prosperity.



***Create an expanded culture of innovation at Wisconsin technical colleges that increases revenue and efficiencies.***

***The District Boards Association must be the catalyst to create an expanded culture of innovation and entrepreneurship that results in significant new revenue, and in new efficiencies, productivity and savings.***

The fiscal future of Wisconsin's technical colleges depends on more than our core funding, comprised of local, state, and federal funds, plus students' contribution through tuition. That future also depends on greatly expanding a strength already evident in the WTCS: innovation and entrepreneurship that leads to new revenue, and to greater efficiency, productivity and savings. The District Boards Association's mission and its history support this strength.

In many ways, the Association is a leader in promoting innovation and efficiency. For example, the Association has played a key role in promoting creation of the

**Innovative Practices: "CATI" -- The Center for Advanced Technology and Innovation and Gateway's CATI Facility**

CATI, Inc., an independent organization, leverages unused or underused intellectual property, typically patents, and promotes its commercialization. Gateway Technical College owns the CATI facility and partners with CATI, Inc. In addition to commercialization and product licensing opportunities for CATI, Inc., Gateway students benefit through student engagement in technology transfer and commercialization processes. Companies that emerge through this synergy can connect with and benefit the college as they bring ideas and products forward.

For more information, see  
<http://www.thecati.com/home.htm>.

WTCS Insurance Trust and Districts Mutual Insurance, leading to significant savings over time through self-insurance of property, liability and other coverages (see highlights of this program at page 14). The Association also promotes best practices formally through its programming and informally through member networking.

This is only the beginning. There is enormous untapped

potential for innovation and entrepreneurship in the WTCS. The District Boards Association, working in partnership with the colleges' administrative leadership, the WTCS Board and its administrative leadership, and our faculty and staff, is in the best position to lead the creation of a fundamentally stronger and sustained culture of innovation. Among the keys to success, three that support the transformation to an expanded culture of innovation are highlighted:

*In order to thrive, an expanded culture of innovation must be built and mutually supported by the state WTCS and the local colleges. We must identify and build a mutually-supported culture that acknowledges and accommodates the distinct roles each level of WTCS governance plays toward our common mission.*

Innovation is rightfully associated with maverick thinking and with exploring novel and untested approaches. Great things are born in environments of risk. Wisconsin technical colleges by their nature bring together innovative leaders in instruction. They also bring together college administrators and board leadership operating in an environment that is more responsive, by demand and by design, than other forms of educational enterprises. As well-situated as we are to do new things, this fertile environment for innovation is also an environment of public stewardship, of accountability, and of public scrutiny.

The shared state-local governance of technical colleges is inherently a function of state and local regulation as well as one of state and local leadership. A thriving environment of innovation must recognize this and leverage the shared partnership's strengths. A culture of authentic innovation may seem inconsistent on the surface. It is both structured and fluid. It is intentionally built and can be highly structured, but is fluid in recognizing that innovation is messy, is riskier than the status quo, and is unpredictable. It sets limits that contain the risk of potentially negative consequences while accepting that there will be failure among the successes.

Innovation and accountability do not float in vacuums distinct from each other. Each is sustained through ongoing hard work shared by both the innovators and regulators. This requires a common mission with mutual respect for the role each entity plays and a commitment by each to share those roles. Changing an enormously complex culture across many institutions requires a dedicated and lengthy intentional process, but is possible. Ultimately, public boards must create places for innovation that assure continued transparency, accountability and good public stewardship.

The current environment creates significant natural tension. An individual innovator may feel hampered by the current framework. The regulator can respond just as honestly that the environment in which innovators work is only made possible by its careful accountability and stewardship. When one innovator pushes to the point of

uncharted regulatory territory, the same single act of drawing a regulatory boundary may be honestly seen as stifling by some and necessarily protective by others.

The District Boards Association must play a central role in identifying ways to accommodate the natural tensions and the corresponding needs of all parties in meeting the system's mission. This requires the agreement of all partners to work together toward a mutually accepted and supported process.

***Identify and promote incentives and rewards for entrepreneurship and innovation.***

While efficiency and productivity are their own rewards, the state's financial investment in the WTCS does not tend to provide incentives for innovation. Specific

***Innovative Practices: NanoRite and Nanotechnology at Chippewa Valley***

Opened in 2007 in Chippewa Valley Technical College's Gateway Campus, the NanoRite facility offers 40,000 square feet of state-of-the-art business incubation, research and teaching space in the emerging areas of nanotechnology (manipulating materials at the molecular level), micromachining and microfabrication. To create NanoRite, CVTC spearheaded significant private-public partnerships including UW-Eau Claire and UW-Stout, local government and state agencies, and major corporate and foundation partners. The facility includes an exceptional "class 100 cleanroom" facility for advanced research and product development.

The facility accommodates a wide range of academic opportunities including CVTC's Nanoscience Technology degree. OEM Micro, a division of OEM Fabricators, is a pioneer tenant at NanoRite developing sophisticated "Swiss screw" micromachining technologies relevant to the region's emerging medical devices industries.

For more information, see  
<http://www.nanorite.org/index.htm>.

statutory or policy responses to this issue are beyond the scope of these recommendations. Nevertheless, state and local WTCS leadership partners together can identify and implement incentives for innovation that lead to new revenue and to new efficiencies and productivity.

For example, the WTCS general aid formula is driven in large part by increased, not reallocated or decreased, district costs. In contrast, state municipal and county aid programs include some incentives for reallocation and saving through expenditure restraint programs.

***Establish the creation of an expanded culture of innovation as a core leadership role of the District Boards Association through identification, sharing, and promoting of best practices.***

The District Boards Association is well-situated to identify, share, and promote practices that increase revenue, efficiency and productivity, and/or that reduce the cost of a function thereby generating resources for reallocation. While current Association programming ranging from in-service sessions to standing committees already showcase innovation and best practices, this must become a fundamental and sustained core function that adds as much value for members as is possible.

The Association must identify ways to take programming that currently “shows it” and translate it into programming that “does it.” New processes need to be identified to bring the best and most relevant best practices forward, to share those best practices effectively, and to identify how to most effectively export the results in useable ways for others to embrace and multiply.

The following two sections of this report expand on generating new revenue and efficiencies.

## ***Promote significant new revenue opportunities for Wisconsin technical colleges.***

***Identify, share, and promote best practices leading to new college revenues as a core leadership role of the District Boards Association.***

In an expanded culture of innovation, a district's successes must become the system's successes to every extent possible. The Association is well-situated by its mission, structure, functions, and its history to serve as a broker for practices that can generate new revenue. The "revenue ideas" section below presents just a few of the wide-ranging possibilities. These ideas represent only a starting point. The magnitude of ideas possible beyond these depends on creating and sustaining a viable process to generate, share, and test new ideas.

The crucial factor for success in this area must be an intentional process and not simply good intentions. The District Boards Association could effectively use its strengths and resources to reproduce and grow best practices in generating revenue. This requires a

### **Innovative Practices: Harry V. Quadracci Printing and Graphics Center at Waukesha County**

Located in an area widely considered to be the heart of America's printing and graphics industries, Waukesha County Technical College partnered with industry leaders to create a 55,000 square foot printing and graphics center of excellence in 2001.

The center has since expanded and has been named the Harry V. Quadracci Printing and Graphics Center in honor of the late founder of Quad/Graphics, Inc., who strongly supported WCTC and its industry partnerships. Quadracci-related foundations have provided \$1 million in support of the Center. A recent expansion using the state's "advanced technology center" funding authority helped leverage additional major equipment donations from Kodak.

Top leaders in the printing and graphics industries helped to select equipment, design the facility's layout, and create the curriculum for academic programming. The Printing Industries of Wisconsin, a leading industry trade association, also relocated to the facility.

While printing and graphics studies have been cut in some high school settings, WCTC has partnered with eight area high schools leading to more than 150 students carrying WCTC college-level work in graphics and printing in 2007.

For more information, see:

<http://www.wctc.edu/web/areas/printing/center.htm>.

process for the Association to identify promising practices and ideas, to explore how they might be shared, to share them, and to test, measure, assess and review the results.

## Selected Revenue Ideas and Issues

***Cost recovery for services*** – What are the districts’ best practices in maximizing cost recovery for services such as custom training? Can districts harness new revenue using market-based pricing? Do current policies cover best practices in cost recovery? What issues are raised by providing training below cost? How do state boundary issues affect costs for services and competitiveness for out-of-state business?

***Intellectual property*** – Do districts take advantage of the full potential of their intellectual property? What issues arise through collective bargaining agreements? How can colleges employ underutilized privately-held intellectual property?

***Competition*** – What are the consequences for competition with proprietary schools? What opportunities exist for the colleges to offer industry-wide certification, recertification and related training and testing, for example, for certified auto technicians?

***Global markets for services*** – What opportunities exist for revenue through training, certification and recertification outside of the U.S. and what obstacles are presented in terms of authority and accountability?

***Investment and return on funds*** – Do technical colleges have suitable tools available to maximize the return on fund investments? What issues must be addressed concerning authority, mission and establishing levels of acceptable risk?

***Public – private collaboration and stand-alone not-for-profit corporations*** – What opportunities are available for the colleges to generate revenue in partnership with stand-alone entities? What governance or accountability issues must be addressed to effectively utilize these tools? What collaborative purchasing or service opportunities may be possible, for example, with hospitals or community-based organizations?

***K-12/WTCS partnerships*** – As teacher shortages grow in areas such as technical education and math, can colleges and local schools share instructors? How can technical colleges support joint programming with K-12 partners? Can Youth Options or other vehicles be used to expand summer enrollment of high school students? What opportunities exist for serving home-schooled students and their teachers?

***District boundary and secession issues*** – What can the colleges do to reduce the likelihood of secession petitions from school districts or municipalities attempting to force college boundary changes?

***Promote significant new opportunities for efficiencies, productivity and savings at Wisconsin technical colleges.***

***Identify, share, and promote best practices leading to new efficiencies, productivity and cost savings as a core leadership role of the District Boards Association.***

Parallel with creating the Association's capacity to foster new revenue opportunities, the Association must similarly generate opportunities for efficiencies, productivity and cost savings. New efficiency and

productivity opportunities may be realized at an individual district level, may involve district and system collaboration, or may include external partners. There is some danger in using "savings" to describe accomplishing an objective with less energy or funding. Doing so may suggest the notion of cuts in a shrinking environment. "Savings" is used here as the possibility to do new things rather than as cutting services or functions.

The "efficiency highlights" section below lists just a few of the wide-ranging possibilities identified to date. As with revenue opportunities, these examples represent only starting points. The magnitude of possible ideas beyond these depends upon the

**The WTCS Insurance Trust and DMI, Districts Mutual Insurance**

A successful collaboration for savings

Through the 1990's, technical colleges joined together in an insurance trust to collaboratively purchase property, liability and workers compensation coverage. While this benefited the members, rapidly escalating premium costs and a lack of control over claims eventually led the sixteen districts to form their own insurance company, Districts Mutual Insurance (DMI). DMI was formed in 2004 as a municipal mutual insurance carrier authorized through a change in Wisconsin statutes.

Today, DMI provides the districts customized coverage for property, liability, auto physical damage, auto liability, directors and officers errors and omissions, equipment breakdown and worker compensation exposures.

The colleges have saved significant resources through DMI. In 2007 alone, DMI saved taxpayers and the colleges an estimated \$1.1 million through reduced premiums!<sup>20</sup>

For more information, see <http://www.districtsmutualinsurance.com>.

Association and its partners using their strengths and resources to reproduce and grow best practices. Once again, this will require a process for the Association to identify promising practices and ideas, to explore how they might be shared, to share them, and to test, measure, assess and review the results. It also requires Association leadership in removing obstacles and promoting incentives for greater efficiency.

## Efficiency Ideas and Issues

***Collaboration and pooled services/purchasing*** – Can technical colleges and other local governments collaborate in providing common services such as snow removal or security/police services? What opportunities are possible in purchasing goods or services collaboratively with other public entities or with private partners?

***Internal efficiencies, purchasing consortia, outsourcing*** – What opportunities are possible for savings in campus energy, maintenance and facilities operations costs? Can the colleges benefit from a detailed assessment of outsourcing practices and savings/costs?

***Duplication of functions*** – How do issues of credit transfer and mobility of credits within the WTCS and with other institutions affect efficiency? Should the technical colleges assess duplication issues in terms of mission and offerings?

***Collective bargaining and benefits*** – How can technical colleges become leaders in employee wellness? What is possible over time for new health coverage programming such as pooling of risk and collective purchasing?

***Unfunded mandates*** – How do technical colleges address the cost of current mandates and reduce the imposition of future unfunded mandates?

***“Green” practices and technology*** – How can technical colleges become leaders in implementing green practices and technologies, from campus energy efficiency to renewable energy technology, to green design and engineering? How can technical colleges become leaders in training the professionals who will lead these industries?

***Program delivery and flexibility*** – What opportunities exist to increase efficiencies through flexible programs and program delivery?

***Developmental/remedial education*** – How can the colleges reduce costs and increase access in these areas? What conversations and relationships can be pursued with educational partner institutions?

***Capital needs, facilities, and security*** – How can districts address capital and facilities issues through partnerships, lease arrangements or other tools? How do changing campus security needs affect efficiency and cost issues over time?

***Quality of outcomes*** – How do technical colleges effectively measure the extent to which their mission is being met?



*Create an expanded culture of advocacy for Wisconsin technical colleges.*

*Design and lead a comprehensive initiative across stakeholder groups creating a deeper and broader culture of advocacy supporting Wisconsin technical colleges.*

While the District Boards Association will be the catalyst to realize this report's recommendations, success also requires the support of the state legislature, governor, business and industry leaders, and the public. The WTCS has never been as prominently recognized as it is today for its central role in the state's prosperity.

Nevertheless, a prominent positive profile is not enough to assure the colleges can effectively meet their mission over the long term. Many urgent and critical needs compete with technical colleges for support. The colleges are also at risk of harmful cuts and poor policy decisions despite their high level of value and the support they enjoy.

A culture of advocacy recognizes that enjoying a higher level of public prominence is not the same as building the support necessary to fully meet our mission on behalf of the State of Wisconsin. Simply put, a culture of advocacy seeks to transform positive sentiment into positive votes and action.

Like a culture of innovation, a culture of advocacy must be created intentionally and systematically. It must continue to expand each college's and the system's positive image through internal and external stakeholder groups and the WTCS Marketing Consortium. It must also be complementary with and help to promote the WTCS "brand." Most critically, it must result in a higher level of priority for WTCS funding support by state public policymakers.



## *Additional issues affecting funding*

The following additional issues not otherwise incorporated into the above sections are presented for the Association's consideration:

**System and district missions** – Identify what technical colleges do better than any other institutions and consider if we do things now that are better accomplished by others. Recognize that long-term funding affects our ability to meet our mission and affects the range/scope of our mission.

**Transfer of credit and student mobility** – Inefficiencies in mobility and transfer are cost issues for students and taxpayers. The distinct boundaries and missions between systems must not be used to create boundaries for students that inhibit mobility at their and taxpayer expense. Maximizing WTCS student mobility to all other institutions is not a mission issue. It is an efficiency and taxpayer stewardship issue. The UW Colleges' proposed expansion into areas already within the core technical college mission (such as more applied occupational programming) is potentially duplicative and inefficient.

**Changing demographics** – The WTCS must evolve even more rapidly as the state becomes older and more diverse ethnically and in terms of native languages other than English. The colleges must fully embrace this change for the benefit of Wisconsin and to be as true as possible to the colleges' mission. This will require resources outside the scope of those currently available to the colleges.

**Affordability, access and retention** – The financial “need gap” (the unfunded cost to attend college after using all available financial aid and personal resources) is growing and is larger for WTCS students than it is for either UW students or students attending Wisconsin's independent/private colleges and universities.<sup>21</sup> Affordability affects access and access is at the heart of the WTCS mission. Better retention is crucial because a lost student is a lost investment as well as a lost opportunity for Wisconsin.

**Corrections** – The role technical colleges play in the corrections environment (state/federal prisons and county jails) has never been more important. Effective and innovative education and training to the incarcerated and the formerly incarcerated has an enormous potential bearing on Wisconsin's future both in terms of productive workers, and in terms of reduced recidivism and social costs.

**Special education and service to disabled individuals** – Assuring maximum access to technical colleges is a critical issue in meeting state workforce needs and in helping all Wisconsinites realize their potential.

**Educating the “whole person”** – Long thought of as the province of K-12 and liberal arts university education, technical colleges play an enormous role in creating good citizens, good parents, good teachers, good volunteers, good communicators, and, essentially, good humans. This has positive effects on our state and society and is a key role that can’t be lost as fiscal challenges require tough choices. It is also a role that reinforces the WTCS as a natural first choice for higher education and as a public asset to be protected and grown.

**Alumni** – WTCS alumni are an enormous group of state residents present in every community and walk of life. These individuals have enormous power as advocates for technical colleges in addition to providing the colleges with direct financial support.

**Governance** – The WTCS’s stable and effective shared board governance model itself is relevant to its future funding stability. The Association plays a central role in assuring the understanding that effective college funding, effective college outcomes, and excellence in local and state board governance are closely interdependent.

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## End Notes

1. The Ad Hoc Committee organized its work around an “Issues Matrix” document [25 April 2008] which presents funding issues, challenges and opportunities, alternatives and consequences, and recommendations. It is available at [www.districtboards.org](http://www.districtboards.org).
2. *See, for example:* “Skilled Workers, Quality Jobs: Meeting the Needs of Wisconsin’s Workers and Businesses.” Center on Wisconsin Strategy [Madison, Wisconsin]. 2008. <[http://www.cows.org/about\\_publications\\_detail.asp?id=437](http://www.cows.org/about_publications_detail.asp?id=437)> “Winning the Skills Race and Strengthening America’s Middle Class: An Action Agenda for Community Colleges.” The College Board [New York]. January, 2008. <[http://www.collegeboard.com/prod\\_downloads/prof/community/winning\\_the\\_skills\\_race.pdf](http://www.collegeboard.com/prod_downloads/prof/community/winning_the_skills_race.pdf)>. “Tough Choices or Tough Times.” National Center on Education and the Economy [Washington, D.C.]. 2008. <[www.skillscommission.org](http://www.skillscommission.org)>.
3. *See, for example:* “Technical College Enrollment Rising: Numbers increased during past recessions.” Wisconsin State Journal. 19 February 2008. Madison, Wisconsin. Detailed enrollment data is available from the Wisconsin Technical College System (WTCS). *See, e.g.*, <http://www.wtcsystem.org/reports/data/actbook/index.htm> for summary data.
4. *See, for example:* Schultz, Frank. “Seeking a New Identity.” Janesville [Wisconsin] Gazette. 4 June 2008. Found at: <<http://gazettextra.com/news/2008/jun/04/seeking-new-identity/>>.
5. Christophersen, Kjell and Robison, M. Henry. “The Socioeconomic Benefits Generated by Wisconsin Technical Colleges.” CCBenefits, Inc. 20 December 2001. <<http://www.wtcsystem.edu/reports/impact/pdf/socioeconomic.pdf>>.
6. News Release: “Technical college graduates making financial gains in Wisconsin.” Wisconsin Technical College System. 18 April 2008. <[http://www.wtcsystem.org/news/releases/grads\\_financial\\_gains.htm](http://www.wtcsystem.org/news/releases/grads_financial_gains.htm)>.
7. State aid data is from WTCS and Wisconsin Legislative Fiscal Bureau. Aid is total WTCS general and categorical aid except for Workforce Advancement Training Grants, which pass through districts to business and industry. CPI is U.S. Department of Labor “all urban consumers” through 2007. 2008 CPI estimated at 4.0%.
8. For the years 1998-99 through 2007-08, statewide property values increased an average of 7.77% annually. The highest annual increase, 9.41% in 2006-07, was followed the next year by the lowest in the period, 5.85% in 2007-08. Source: WTCS. <<http://www.wtcsystem.edu/reports/data/factbook/pdf/millrates.pdf>>.

9. WTCS operational mill levy rates: In 1991, no districts set a rate of less than 1.30 and eleven districts had a rate at 1.46 or higher. In 2007-08, ten districts had a rate of less than 1.30 and two districts had a rate at 1.46 or higher. Source: WTCS staff presentation to the WTCS Board State Budget Development Committee, 13 May 2008. Madison, Wisconsin.
10. Wisconsin Legislative Fiscal Bureau. *See*, “Property Tax Level in Wisconsin” Informational Paper. January 2007. Found at <<http://www.legis.state.wi.us/lfb/Informationalpapers/13.pdf>>. *See also*, Lang, Robert. “Preliminary 2007(08) Property Information.” [Memo to Members of the Wisconsin Legislature.] 2 June 2008. Found at <[http://www.legis.state.wi.us/lfb/Misc/2008\\_06\\_02Property%20Information.pdf](http://www.legis.state.wi.us/lfb/Misc/2008_06_02Property%20Information.pdf)>.
11. *See* “Perspectives on WTCS Funding.” Wisconsin Technical College District Boards Association [Madison, Wisconsin]. 2008. p.4. Found at: <<http://www.districtboards.org/documents/Perspectiveonfunding0107.pdf>>.
12. *Ibid*.
13. For WTCS data, see <http://systemattic.wtcsystem.edu/Policy/Adminbul/0-02.pdf>.
14. For national data, see “Trends in College Pricing 2008.” The College Board [New York, N.Y.].
15. Source: WTCS staff presentation to the WTCS Board State Budget Development Committee, 1 April 2008. Madison, Wisconsin. The percentage share is based on the three major sources, state aid, local levies and tuition equaling 100%.
16. For example, Waukesha County Technical College received only 5.6% of its revenue from state support in 2006-07. *See*, “WTCS Actual Cost Allocation Report, 2006-07.” WTCS. Found at: <[http://www.wtcsystem.org/reports/data/cost\\_alloc/pdf/dist\\_total\\_revenue.pdf](http://www.wtcsystem.org/reports/data/cost_alloc/pdf/dist_total_revenue.pdf)>.
17. WTCS general aid has not increased from the base annual level of \$118.4 million established in 2000-01. In both the 2005-07 and 2007-09 biennium, the state required one-time lapses to the base funding. This resulted in effective annual funding ranging from \$117.4 to 117.8 from 2006-07 through 2008-09.
18. The WTCS received \$21.4 million total in categorical aid in 2008-09. Source: WTCS staff presentation to the WTCS Board State Budget Development Committee, 1 April 2008. Madison, Wisconsin.
19. Wisconsin school districts continue to operate under revenue caps imposed in the 1990’s. New levy controls were placed on levy increases for counties and municipalities in the 2007-09 state budget bill, 2007 Act 20. A levy limit proposed in that bill for technical college districts was vetoed by Governor Doyle,

the third time he vetoed the imposition of new levy limits on WTCS districts. In 2007-08, levies increased over the prior year as follows, according to the Wisconsin Legislative Fiscal Bureau: K-12, 7.4%; Municipalities, 5.0%; Counties, 4.5%; and WTCS districts, 4.6%.

20. News Release: "Technical colleges saving big with insurance cooperative." Wisconsin Technical College System. 10 August 2007. Found at: <[http://www.districtsmutualinsurance.com/Document%20Files/HOT%20TOPIC%20Files/DMI\\_Ins\\_sav.pdf](http://www.districtsmutualinsurance.com/Document%20Files/HOT%20TOPIC%20Files/DMI_Ins_sav.pdf).>
21. For 2006-07, the average unmet need from need-based aid as a % of total cost was: UW students, 23.1%; private college students, 31.7%, and WTCS students, 41.3%. Source: WTCS staff presentation to the WTCS Board State Budget Development Committee, 1 April 2008. Madison, Wisconsin.



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