

Wisconsin Technical College Funding in Perspective

An Eroding State Investment in Wisconsin Technical Colleges

- State support for technical colleges continues to decline. General aid funding has not increased since 2000-2001, and was cut 2006-07... *page 3*.
- Even modest inflation takes a significant toll on stagnant state support ... *page 3*.

Pressure on Property Taxes and Student Fees

- The state share of technical college funding has fallen from highs of more than 30% to just 25% in 1985 and a mere 15% in 2005. Absent new investment, the state-level share continues to fall ... *page 4*.
- Diminished state investment pressures property tax levies and student costs ... *page 4*.
- For the first time ever, state support has fallen below student fees as a revenue source ... *page 4*.

Growth, Efficiency and Stewardship

- Technical colleges have preserved access by accommodating enormous enrollment growth ... *page 5*.
- At the same time, the colleges have continued to improve responsiveness, demonstrate measurable outcomes, generate a huge economic return on investment, and earn recognition as leaders in quality improvement and good stewardship ... *page 6*.
- This dedication to efficiency and good stewardship has translated into a stable public cost per student ... *page 7*.

A Perspective on Property Taxes

- Despite the challenge of eroding state investment and a growing reliance on property taxes:
 - Technical colleges continue to levy a small share (7.4%) of total property taxes, and that share has remained remarkably stable ... *page 8*.

- The only meaningful change in the technical colleges' share of property taxes occurred when the state "bought down" K-12 levies and assumed "2/3rd's funding" of K-12 ... *page 8*.
- In fact, as K-12 property taxes decreased and all other taxing entities increased, the technical college share increased less than other taxing entities ... *page 8*.
- Taxpayers feel the pressure of property taxes for a variety of reasons. Some of these are not obvious. For example, the burden of property taxes has shifted significantly from all types of property to homeowners ... *page 9*.

The Bottom Line ...

- Technical colleges operate in an uncertain and unstable funding environment that has increasingly become too dependent on property taxes and student fees.
- Neither property taxpayers nor students can continue to shoulder the impact of diminishing state support.
- Technical colleges have responded by creating efficiencies and containing costs.
- While the colleges continue these efforts, a sustainable long-term solution requires stable funding and steps toward restoring the state's investment in technical colleges.

For more detailed information about sustainable solutions, see:

A Responsible Funding Plan for Wisconsin Technical Colleges;

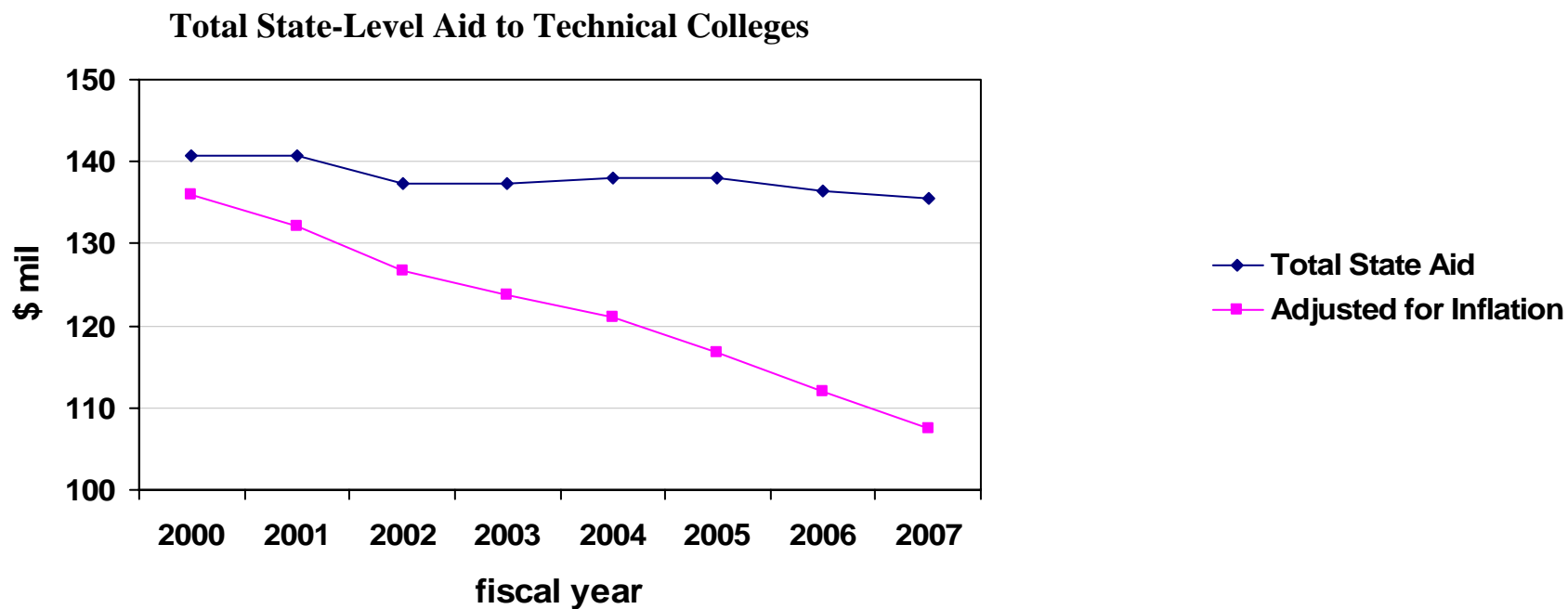
The WTCS 2007-09 State Budget Request;

and a wide variety of supporting materials at: www.wheremunitiesturnfirst.org, www.wtcsystem.edu or www.districtboards.org.

For data sources, see p. 10.

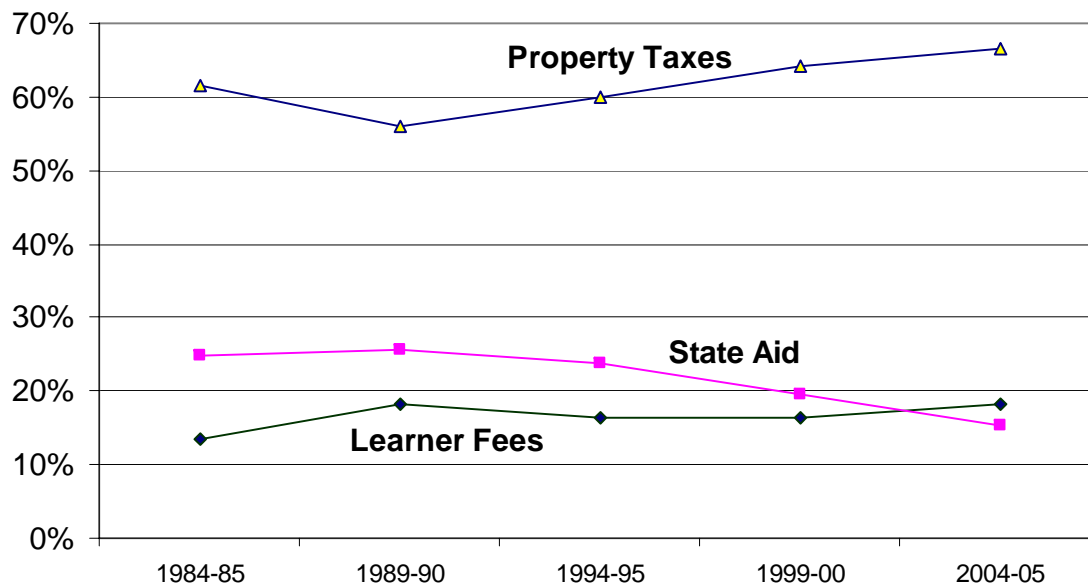
State Support of Technical Colleges Continues to Decline

Even modest inflation significantly erodes stagnant state-level investment in Technical Colleges



Change in Major WTCS Funding Sources

Eroding state investment increases pressure on property taxes and student fees

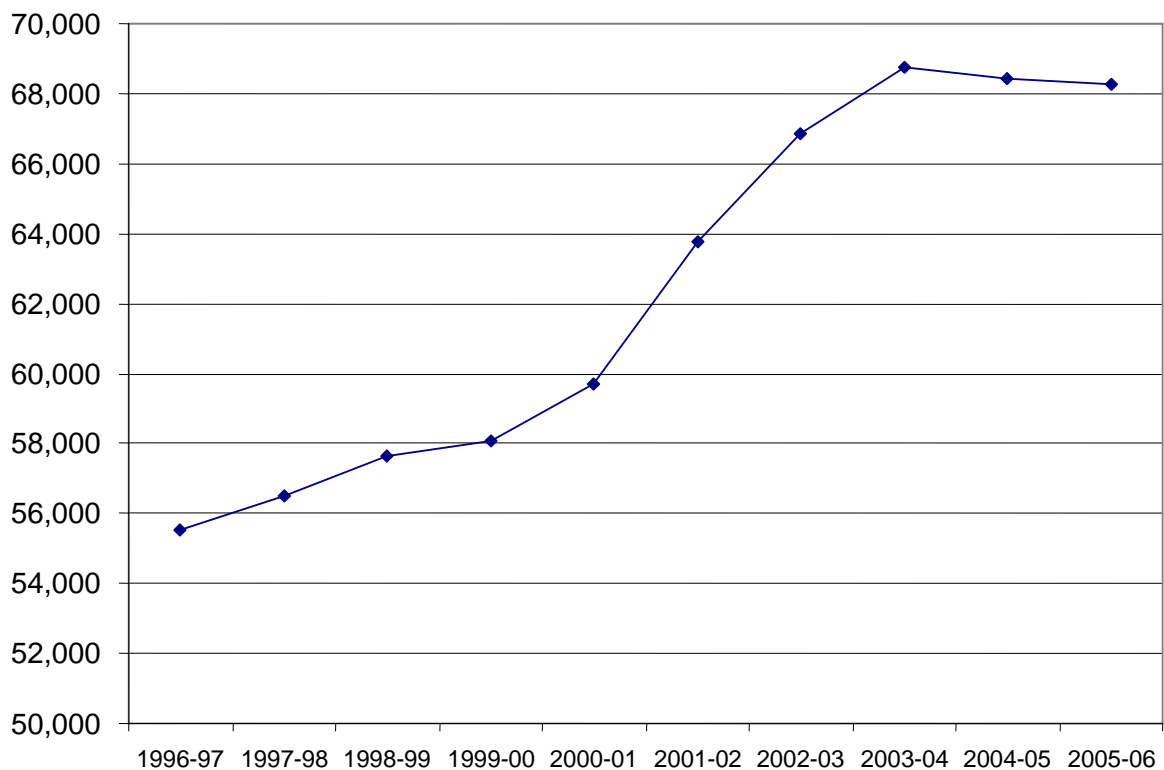


Among the three major funding sources, state support fell to just 25% in 1985, and a mere 15% in 2005. Absent new state investment, it continues to fall.

As the state investment declines, property taxes and student fees continue to climb as a share of funding.

For the first time ever, state support has fallen below student fees as a revenue source.

Growth in Full-Time Equivalent (FTE) Technical College Enrollments



Because technical college students are more likely to be working adults, it takes a large number of active students to equal 68,000 FTE's.

In 2005, more than 406,000 Wisconsinites enrolled in one or more credit-based courses. This is approximately one of every ten Wisconsin adults enrolling annually and makes the WTCS the State's largest educational system.

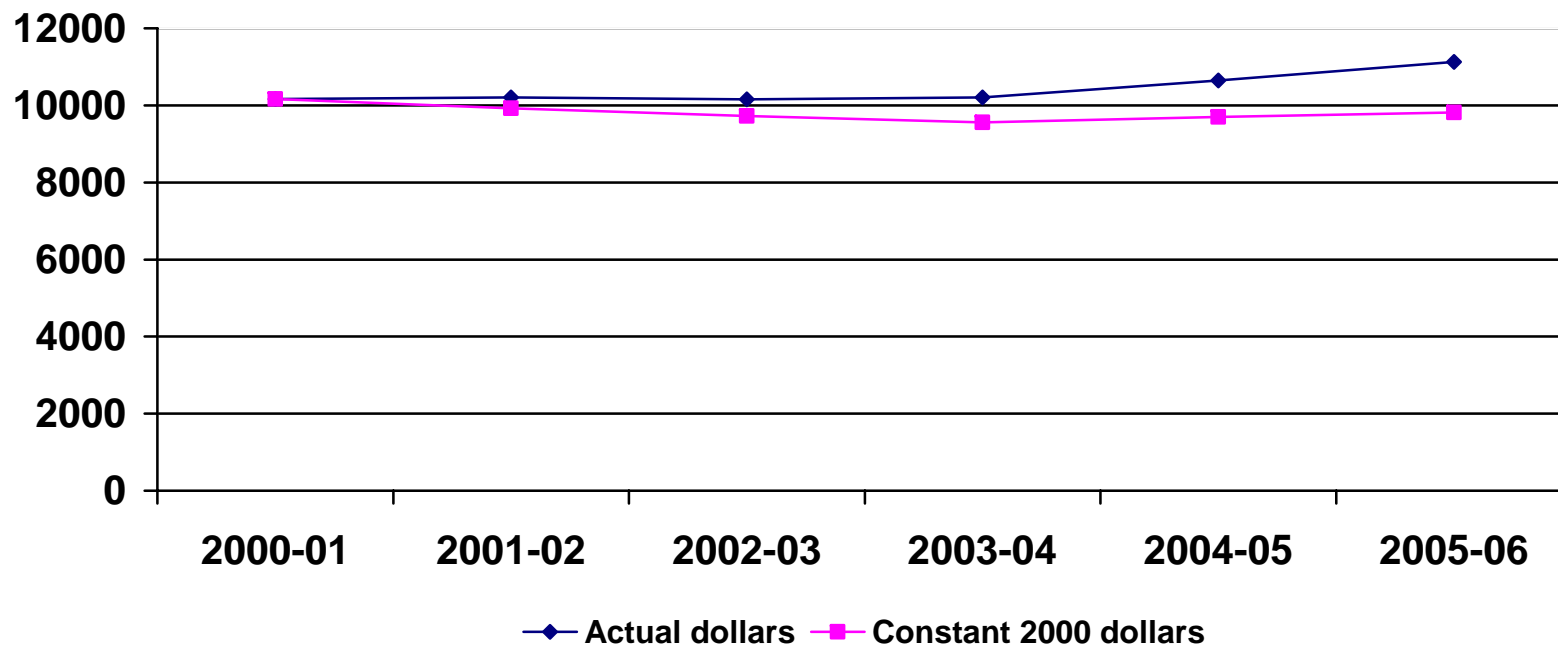
Responsiveness, Outcomes, Return on Investment, Quality ...

- **Responsiveness** – Technical colleges start, modify and disband dozens of programs annually to match resources precisely with workforce needs. Technical colleges continually make strategic reinvestments, such as rapidly expanding health occupations graduates and meeting emerging needs in advanced manufacturing. Every program is guided by a private sector advisory committee and faculty always have real work experience backgrounds. Colleges also bring cutting edge training directly to incumbent workers through thousands of custom training contracts annually with business and industry.
- **Outcomes** – Wisconsin employers report overwhelming satisfaction with technical college graduates. 95% report they would hire technical college graduates again and 92% report that the graduates' job-related knowledge met their expectations upon hiring. 85% of graduates stay to work in Wisconsin and 92% are employed in their field six months after graduation. Graduates report 10% wage increases each year for the five years following graduation; much higher than average increases across all workers.
- **ROI** – Technical colleges help graduates realize their full potential, generating enormous returns through higher wages and improved quality of life. Not only does this have important economic ripple effects, a major independent study found that it has a major positive impact on tax revenues. Additional earnings and economic growth directly related to technical colleges generate \$2 dollars in new tax revenue for every \$1 invested in technical colleges! This return is fully realized in just 2.2 years.
- **Quality** – Technical colleges have won more prestigious Wisconsin Forward Awards, based on the prestigious Malcolm Baldrige awards, than any other public entity or private business. These awards recognize processes and cultural transformation dedicated to quality throughout the organization.

Much more concerning responsiveness, outcomes, return on investment and quality is available at www.wheremunitiesturnfirst.org, www.wtcsystem.edu, and www.districtboards.org.

Technical College Costs Have Remained Stable

Public Investment Per Full Time Equivalent Student



The amount of public funding per student has remained stable and has declined since 2000 when adjusted for even historically low inflation rates.

Technical colleges enroll more than 406,000 students (1-in-10 Wisconsin adults) in credit courses annually to comprise approximately 68,000 total FTE students.

Technical Colleges – A Stable Share of Property Taxes

The share of property taxes levied by technical colleges has remained essentially constant except for the impact of the state’s assumption of 2/3rd’s funding of K-12. That change shifted shares by replacing K-12 property taxes with new state funding. Since 2/3rd’s funding, the technical college share of property taxes has increased less than for other types of local government.

Share (%) of property taxes levied:

Year Levied	Municipal and Special District	County	K-12	Technical Colleges
1985-86	23.9	15.3	54.3	5.8
1990-91	24.4	15.9	53.7	5.4
1995-96	24.0	16.8	52.7	5.8
----- State Assumes 2/3 rd ’s Funding of K-12 -----				
2000-01	27.8	19.9	44.3	7.1
2003-04	27.8	20.1	43.8	7.4
<i>Change since K-12 “2/3rd’s funding”</i>	+3.8%	+3.3%	-8.9%	+1.3%

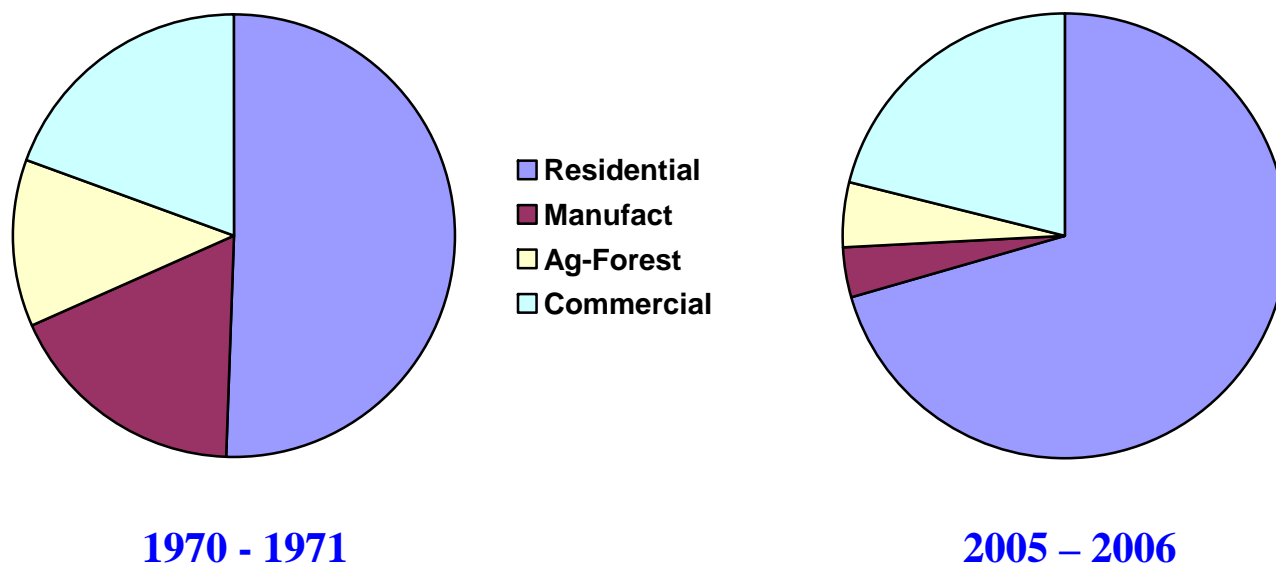
Rows may not total 100% due to rounding and minor special district taxes.

Shifting Residential Property Taxes

Residential property taxpayers continue to experience significant tax “increases” even if local governments do not raise levies. Wisconsin has steadily shifted the property tax burden from all types of property to residential property.

Over the past thirty-five years, the share of total property taxes on the shoulders of residential taxpayers increased by 40% while the share on manufacturing and agriculture together dropped by 70%.

Share of Property Taxes by Type of Taxpayer...



Sources:

- p. 3 *Legislative Fiscal Bureau (LFB) and U.S. Department of Labor.* “Fiscal year” is July through June. “State Aid” is general aid plus categorical aid. Aid for 2006-07 does not include Workforce Advancement grants which pass through districts directly to business/industry. CPI is for all urban consumers, Department of Labor, through 11/06. 11/06 to 6/07 estimated at +3.22% annually.
- p. 4 Wisconsin Technical College System (WTCS).
- p. 5 WTCS
- p. 6 WTCS, CCBenefits, Inc., Wisconsin Forward Awards at www.forwardaward.org.
- p. 7 WTCS
- p. 8 LFB. Rows may not total 100% due to rounding and minor special district taxes.
- p. 9 LFB

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The District Boards Association is responsible for this report’s content and is pleased to provide additional information or detail.

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