

May 29, 2009

## JFC Passes Budget after All-Nighter -- Technical Colleges Fare Extremely Well in the Face of \$6.6 Billion Deficit

- *General Aid Funding and Increase Protected*
- *New Across-the-Board Cuts Avoided for General and Categorical Aid*
- *WTCS Agency Operations Subject to 5% Cut, Like Most State Operations*
- *Gains in Financial Aid Protected*
- *New Flexibility Provisions Protected*

In a 12-hour marathon concluding this morning as the sun rose, the Joint Finance Committee (JFC) has completed its work on AB 75, the 2009-2011 state budget bill. The JFC considered sweeping and complex motions to address all remaining agencies and programs, and to plug the new \$1.6 billion deficit that emerged in recent weeks as revenue collections and projections softened.

The bill now goes to the full Assembly, likely during the week of June 8<sup>th</sup>, followed by the Senate. Once an identical bill passes both houses, it will be sent to the Governor for veto consideration and signing. The new biennium begins July 1st.

Considering the deficit of historic proportions and the resulting dramatic cuts to most state-funded programs and operations, the WTCS emerged this morning with an enormous victory. Based on the combination of JFC votes from April 29<sup>th</sup>, adjustments it has made since that date, and the complex motions considered last night, we have:

**PROTECTED the restoration of proposed general aid cuts.** The original budget proposed cutting general aid by \$3.37 million over the biennium. We were able to restore this funding in JFC on April 29<sup>th</sup>. In the end, we preserved this action despite motions over the past weeks to reconsider many early JFC actions.

*Impact: + \$3.37 million over the biennium compared with the original bill.*

**PROTECTED the increase to general aid realized on April 29<sup>th</sup>.** The JFC supported an important increase to general aid on April 29<sup>th</sup>. We preserved this increase despite enormous pressure to remove all such “uppers” as the new deficit emerged. This is the first increase to WTCS general aid since 2000-01.

*Impact: + \$1.84 million over the biennium compared to current law.*

**PROTECTED against new across-the-board cuts to general and categorical aid** imposed on the vast majority of state operations and programs. As the JFC struggled to close the new \$1.6 billion deficit, we faced the real prospect of a 5% across-the-board cut to general aid. This would have amounted to some \$12 million over the biennium. We also faced 5% cuts to all categorical aid programs in addition to already pending 1% cuts. This would have amounted to approximately \$2.2 million in additional cuts over the biennium.

At least one printed budget version circulated in the past three days included these full cuts. Last night, the mega-motion passed to close the deficit did not touch WTCS general or major categorical aid programs.

*Impact: Preserved more than \$14 million in existing technical college funding over the biennium from across-the-board cuts.*

**WTCS Operations take painful cut.** Unfortunately, the WTCS Board and System agency operations were included in 5% across-the-board cuts, like most state agency operations. This painful cut will strip away some \$383,000 in GPR (general purpose revenue) over the biennium. Like other state employees, WTCS staff will also be subject to 16 days of unpaid furlough over the biennium, and non-represented staff will lose pending 2% compensation increases. While represented state staff may still receive the pending 2% increases, the Governor has asked for a voluntary give-back of the increases to avoid additional layoffs.

Five-percent cuts also affected a series of smaller program revenue and federal aid budget lines. The impact of these, totaling some \$169,000 over the biennium, is unclear. These budget lines represent program revenue accounts, often based on fees for services, which may or may not have an actual revenue stream sufficient to be tapped for funds.

**PROTECTED the increase in Wisconsin Higher Education Grants (WHEG)** for technical college students. On April 29<sup>th</sup>, the JFC increased financial aid from proposed annual increases of 1% and 2% respectively, to 3.5% per year. This increase of \$1.16 million over the biennium compared to the original budget was protected last night.

*Impact: + \$1.16 million in new financial aid over the biennium (above the original budget bill). This totals an additional \$1.9 million over the biennium (3.5% annual increases) compared with current law.*

**PROTECTED statutory language changes increasing flexibility.** Because no additional action was taken last night affecting previously secured new flexibility provisions, we maintained:

- Increasing district capital project limits without referendum from \$1 million to \$1.5 million;
- Allowing districts to assess non-resident tuition at 150% of resident tuition; and
- Increasing flexibility for Workforce Advancement Training (WAT) Grant funds by reducing the small business set-aside and making the appropriation biennial instead of annual.

**PROTECTED current levy authority.** Last but certainly not least, the budget bill passed by the JFC does not impose additional property tax levy controls on technical college districts.

### **The Votes**

Both earlier in the process and last night, the JFC passed provisions affecting us on 12-4 party line votes. Voting in favor: Senators Mark Miller (D-Monona), Dave Hansen (D-Green Bay), Lena Taylor (D-Milwaukee), Julie Lassa (D-Stevens Point), John Lehman (D-Racine), and Judy Robson (D-Beloit), and Representatives Mark Pocan (D-Madison), Pedro Colon (D-Milwaukee), Tamara Grigsby (D-Milwaukee), Cory Mason (D-Racine), Gary Sherman (D-Port Wing) and Jennifer Shilling (D-La Crosse).

Voting against: Senators Alberta Darling (R-River Hills) and Luther Olsen (R-Ripon) and Representatives Robin Vos (R-Caledonia) and Phil Montgomery (R-Ashwaubenon).

### **Thanks**

This is an important time to thank the 12 JFC members who invested new state resources in technical colleges and protected against catastrophic cuts despite facing the worst budget calamity in state history.

Special thanks to the WTCS's Morna Foy who worked tirelessly throughout the process and who worked in the Capitol with me more than 12 hours yesterday alone. Also, Scott Spector of AFT-Wisconsin worked especially hard to protect technical college interests, both last night and throughout the process to date. Tim Elverman, who assists Milwaukee Area

Technical College, also provided very valuable assistance in JFC last night and throughout our efforts.

### **Caveats**

The budget bill must still clear the full Assembly and Senate, and must be considered for line-item vetoes by Governor Doyle prior to signing. There is a strong sense that both houses hope to pass the JFC version with few changes. However, there is still a long path to the final and signed budget. We will continue to be vigilant, to keep you apprised of our progress, and to let you know how you can assist.

The information presented here is the best available after extremely complex proceedings and motions passed overnight. More detail will be provided as possible.

### **Conclusion**

It is difficult to absorb the magnitude of what we have accomplished to date as a coalition dedicated to Wisconsin technical colleges. The WTCS Board and staff, District Boards Association, WTCS Presidents Association, WEAC, AFT-Wisconsin, Wisconsin Student Government, and Wisconsin Association of Career and Technical Education worked together to set priorities, to pursue those priorities, to advocate for those priorities, and to realize those priorities. We did so despite enormous odds and a deepening economic crisis. I am deeply thankful and very proud of each and every person who has assisted in a truly exceptional and unified effort.

-- Paul Gabriel

*Any opinion or analysis in this report is exclusively the author's.*

