



## 2009 - 2011 State Budget

AB 75 (signed as 2009 Act 28)

### Summary of Provisions Affecting Wisconsin Technical Colleges

July 1, 2009

*Part I* of this document highlights the “bottom line” for 2009-11 state budget topics affecting technical colleges (pages 1-3).

*Part II* provides a detailed comparative summary for each topic starting with 2007-09 funding levels or law, and reviewing outcomes at each step in the budget process (pages 4-14).

### Part I – Summary Highlights

The State Budget, AB 75, was signed into law by Governor Doyle on June 29, 2009, as Act 28. It covers the biennium from July 1, 2009, through June 30, 2011.

**WTCS General Aid** – All proposed cuts were restored and a massive potential cut of 5% (\$5.9 million per year) was not imposed. General aid will instead be increased by \$920,600 annually, totaling \$1.84 million over the biennium. This is the first increase since 2000-2001. This represents a net improvement of more than \$2.6 million annually, \$5.23 million over the biennium, compared with the original budget bill introduced in February. *Details at page 5.*

**Wisconsin Higher Education Grant (WHEG) (Higher Educational Aids Board)** – The state’s main need-based financial aid program for WTCS students was increased by 3.5% annually, by \$614,200 in 2009-10 and by \$1.25 million in 2010-11. This is a total increase of \$1.86 million over the biennium. This represents an improvement of more than \$1.16 million above the amount originally proposed in the budget as introduced in February. A potential 5% across-the-board cut was not imposed. *Details at pages 7-8.*

**WTCS Categorical Aid (Except WAT Grants)** – These specific WTCS grants to districts totaling \$17.6 million annually are cut by 1% across-the-board, like most state funding. This is a

cut of \$176,304 annually and \$352,608 over the biennium. A potential additional across-the-board cut of 5% was not imposed. *Details at pages 5-6.*

**Workforce Advancement Training (WAT) Grants** – This program providing \$3 million annually for grants to businesses to train workers at technical colleges will be cut by 1%, like most state funding. This is a cut of \$30,000 annually and \$60,000 for the biennium. Flexibility is improved by reducing the \$1 million annual set-aside for small business grants to \$500,000 and by streamlining small business applications. *Details at pages 6-7.*

**Veterans Tuition Remission Funding (Higher Educational Aids Board)** – Total funding of \$6.56 million annually shared between technical colleges and UW schools to defray some 20% of veterans' remission costs will be cut by 1% annually, like most state funding. This is a cut of \$65,600 annually and \$131,200 over the biennium.

Veterans who first enroll after August 14, 2009, will be required to use any available "Post 9/11" federal benefits toward tuition. Colleges will then remit the difference. Colleges must also "hold harmless" veterans by paying back to them any federal funding the veteran loses by using the Post 9/11 program benefits for tuition. This creates a major administrative challenge. It will also blunt the benefit of offsetting some of the colleges' unfunded mandate with federal funds. *Details at pages 8-9.*

**Minority Undergraduate Retention Grants (Higher Educational Aids Board)** – Funding is increased by \$7,900 (1%) in 2009-10 and by \$24,100 in 2010-11 (2%), a total of \$32,000 over the biennium. These need-based grants go to minority students attending technical colleges, private (independent non-profit) colleges and universities, and tribal colleges. *Details at page 9.*

**WTCS Capital Projects Limit** – Increases from \$1 million to \$1.5 million the amount a technical college may expend for a capital project before approval is required by districtwide referendum. This change is effective immediately. *Details at page 10.*

**WTCS Non-Resident Tuition** – Sets non-resident tuition at 150% of resident tuition to encourage non-resident enrollment while maintaining current provisions that prohibit a non-resident from displacing a resident student. Non-residents currently must be assessed the full operating cost of instruction, which makes enrollment cost-prohibitive. *Details at pages 10-11.*

**Tuition for Certain Undocumented Persons (WTCS and UW)** – Allows an undocumented student (citizen of another country) to pay resident tuition if he/she: graduated from a Wisconsin high school, has lived in Wisconsin continuously for 3 years since starting high school, and has applied or will apply for permanent residency status. *Details at page 11.*

**WTCS Agency (System Office) Operations** – State WTCS office operations of \$3.65 million annually will be cut by 6%. This is an estimated cut of \$219,000 annually and \$438,000 over the biennium. Additionally, 8 days of unpaid furlough will be imposed on all state agency staff. The previously approved 2% compensation increase will be rescinded for non-represented staff. For represented staff, the 2% increase may not be rescinded without union approval. Absent

such approval, the state may impose additional cuts requiring additional layoffs. *Details at page 12.*

**Wisconsin Indianhead Technical College Grant** – Provide a one-time grant of \$25,000 to WITC for 2009-10 to create a “program serving dislocated workers in Rusk County.” This grant will be made from new funds. It was not requested by the WTCS or the college. *Details at pages 12-13.*

**Center for Advanced Technology Innovation (CATI) (Department of Commerce)** – The current annual grant of \$100,000 made to CATI, Inc., will be cut by 50% to \$50,000 annually and a \$50,000 local match will be required. This funding goes to Racine Area Manufacturers and Commerce to operate the not-for-profit organization distinct from but affiliated with Gateway Technical College’s CATI facility. *Details at page 13.*

**Fire Training Dues (Department of Commerce)** – Maintain current funding of \$600,000 annually to defray the cost of technical college training provided to fire departments. State law requires the colleges to not charge for this training. These funds come from a surcharge on insurance premiums. The original budget bill proposed an increase of \$144,000 in 2009-10 and \$225,600 in 2010-11 to better reflect the actual cost of local college training. *Details at page 14.*

*For more information on these or any other provisions of interest, contact Paul Gabriel at the Boards Association: 608 266-9430, [pgabriel@districtboards.org](mailto:pgabriel@districtboards.org).*

## **Part II – Comparative Summary of Provisions**

Part II describes outcomes at each step in the state budget process as follows:

### **Base**

The “base” is the 2007-09 starting point prior to any new budget proposals.

### **Adjustment Bill** (*Listed only where applicable*)

The impact, if any, of the budget adjustment bill, SB 62, which addressed a deficit of \$342 million for the year ending June 30, 2009. It was introduced on February 17<sup>th</sup>, passed both houses the next day, and was signed on February 20<sup>th</sup> as 2009 Act 2.

### **Governor**

The 2009-2011 budget bill proposed by the Governor and introduced as AB 75 on February 19<sup>th</sup>. This is the core budget bill from which the legislature works.

### **JFC**

The Joint Finance Committee budget version as passed on May 29<sup>th</sup> on a 12-4 party-line vote. The JFC is comprised of 8 Assembly and 8 Senate members (6 Democrats and 2 Republicans from each house). The JFC re-writes the budget over several weeks following statewide public hearings.

### **Assembly**

The Assembly budget version as passed on a 50-48 vote on June 13<sup>th</sup>. The Assembly worked from and adjusted the JFC budget. Among 52 Democrats: 49 voted for the budget, 2 voted against (Krusick and Ziegelbauer), and 1 was absent (Milroy). The 1 Independent member voted for the budget (Wood). All 46 Republicans voted against.

### **Senate**

The Senate budget version as passed on a 17-16 vote on June 17<sup>th</sup>. Seventeen Democrats voted in favor. One Democrat (Sullivan) voted against along with 15 Republicans. The Senate also worked from and adjusted the JFC budget.

### **Conference Committee**

A joint conference committee reconciled almost 200 differences between the Assembly and Senate budget versions. The committee was comprised of: Speaker Mike Sheridan (D-Janesville), Mary Hubler (D-Rice Lake), and Minority Leader Jeff Fitzgerald (R-Horicon) from the Assembly, and, Majority Leader Russ Decker (D-Weston), JFC Co-Chair Mark Miller (D-Monona), and Minority Leader Scott Fitzgerald (R-Juneau) from the Senate. The committee passed a Conference Report on June 25<sup>th</sup> on a 4-2 party line vote. On June 26<sup>th</sup>, the full Senate passed the Conference Report 17-15 (1 absent) and the full Assembly passed it 51-46 (2 absent).

### **Signing/Veto**

The Governor made line-item vetoes and signed the budget bill on June 29<sup>th</sup> as 2009 Act 28. No vetoes directly affected technical college issues.

## **WTCS General Aid**

### **Base**

\$118.4 million annually distributed to the districts by statutory formula. The base amount had not been increased since 2000-2001.

### **Governor**

Cut General Aid by \$1.68 million annually (1% plus an additional \$500,000). This would be a total cut of \$3.37 million over the biennium.

### **JFC**

- RESTORE the proposed cut of \$1.68 million annually, totaling \$3.37 million over the biennium.
- INCREASE General Aid by \$920,600 annually, totaling \$1.84 million over the biennium. This is the first increase to General Aid since 2000-2001.
- A proposed 5% additional across-the-board cut (\$5.9 million annually, \$11.8 million over the biennium) was NOT IMPOSED.

### **Assembly**

Adopt JFC provisions.

### **Senate**

Adopt JFC provisions.

### **Conference Committee**

N/A

### **Signing/Veto**

Signed – JFC provisions prevail.

## **WTCS Categorical Aid**

### **Base**

\$17.6 million annually across several categories such as Incentive Grants, Health Education Grants, and Displaced Homemaker Grants. These grants are awarded to districts by the WTCS Board. Workforce Advancement Training (WAT) Grants are addressed separately below.

### **Adjustment Bill**

Require a one-time 10% lapse to most 2008-09 grant funds and a 100% lapse of one smaller fund. This is a total lapse of \$1.82 million for the year ending June 30, 2009. A “lapse” reduces 2008-09 funding only. The funding then returned to the pre-lapse base as of July 1, 2009.

### **Governor**

Permanently cut categorical grant funds across-the-board by 1% annually. This is a cut of \$176,304 annually and \$352,608 over the biennium.

### **JFC**

- Adopt Governor's provision.
- An additional proposed 5% across-the-board cut of \$871,000 annually and \$1.74 million over the biennium was NOT IMPOSED.

### **Assembly**

Adopt Governor's provision.

### **Senate**

Adopt Governor's provision.

### **Conference Committee**

N/A

### **Signing/Veto**

Signed – Governor's provision prevails.

## **Workforce Advancement Training (WAT) Grants**

### **Base**

Provides \$3 million annually awarded competitively to defray Wisconsin business/industry costs for incumbent worker training through technical colleges. Grants cover 50% of cost with a 50% business match. \$1 million is set-aside for small businesses of fewer than 100 employees and less than \$10 million in gross annual income.

### **Adjustment Bill**

Require a lapse of 1%, \$30,000. However, provide a one-time increase of \$1 million to be used by June 30, 2009, with preference for welding training. The WTCS Board waived the business match requirement on an emergency basis in order to fully use the new funds by June 30<sup>th</sup>. The net effect was a one-time increase for 2008-09 from \$3 million to \$3.97 million. Base funding returned to \$3 million annually as of July 1, 2009.

### **Governor**

Permanently cut annual base funding of \$3 million by 1%. This is \$30,000 annually and \$60,000 for the biennium. At WTCS's request, eliminate the small business set-aside to allow for the most flexible and full use of funds.

### **JFC**

- Maintain the 1% cut resulting in base funding of \$2.97 million annually, \$5.94 million over the biennium.

- Restore the small business set-aside requirement, but reduce it from \$1 million to \$500,000 annually.
- Streamline small business rules. Replace current rules and require only that an applicant submit an affidavit stating it has 100 or fewer employees and \$10 million or less in gross annual income.
- Make the WAT appropriation biennial instead of annual. This allows unused funding to carry over between budget year 1 and 2, and allows grants to span the end of budget year 1 and the beginning of year 2.

### **Assembly**

Adopt all JFC provisions except: Clarify that small business eligibility rules require showing a business has 100 or fewer employees or \$10 million or less in annual income.

### **Senate**

Adopt the JFC provisions. The Senate did not add the Assembly’s “clarification” language on employees “or” income.

### **Conference Committee**

Adopt Assembly provisions (JFC provisions as amended by the Assembly).

### **Signing/Veto**

Signed – Assembly provisions (JFC provisions as amended by Assembly) prevail.

## **Wisconsin Higher Education Grant (WHEG) (Higher Educational Aids Board)**

### **Base**

Provides \$17.5 million annually for need-based aid to WTCS students. The maximum WHEG grant is \$3,000, although this is rarely reached for WTCS students.

### **Governor**

- Increase funding by \$175,500 (1%) in 2009-10 and by \$533,500 (an additional 2%) in 2010-11. This is a total increase of \$709,000 for the biennium.
- Eliminate the fixed maximum award of \$3,000 annually and allow HEAB to set a maximum so long as HEAB estimates that the number of awards is not reduced compared with the prior year.

### **JFC**

- Increase funding by an additional \$1.16 million above the Governor’s proposal resulting in a 3.5% increase in each year. This is a total increase of \$614,200 in 2009-10 and \$1.25 million in 2010-11, a total increase of \$1.86 million for the biennium.

- Proposed 5% across-the-board cuts were NOT IMPOSED.
- For maximum WHEG awards, delete the Governor’s change and instead increase the maximum award from \$3,000 to \$3,250 annually.

**Assembly**

Adopt JFC provisions.

**Senate**

Adopt JFC provisions.

**Conference Committee**

N/A

**Signing/Veto**

Signed – JFC provisions prevail.

**Veterans Tuition Remission Funding  
(Higher Educational Aids Board)**

**Base**

Provides \$6.56 million annually shared proportionally between WTCS and UW System to defray the cost of 100% tuition remissions for most veterans and selected family members. Base funding covers an estimated 20% of remission costs.

**Adjustment Bill**

Require a 1% lapse of \$65,600 for 2008-09. Base funding returns to \$6.56 million on July 1, 2009.

**Governor**

- Cut funding by \$65,600 (1%) annually. This is \$131,200 over the biennium.
- Require that veterans eligible for “Post 9/11” federal benefits first use those education benefits before tapping the state remission. Colleges would then remit the difference.

**JFC**

Adopt Governor’s provisions.

**Assembly**

Adopt Governor’s provisions except:

- Address the possibility that a veteran using Post 9/11 benefits for tuition may consequently receive an overall reduction in federal veterans’ benefits. Provide that after a veteran uses available Post 9/11 benefits toward tuition, the college will pay back to the veteran the amount of any net lost federal benefits. The impact of this “hold harmless” provision is unknown at this time.

- Delay implementation of the new Post 9/11-related provisions until January 1, 2010, effectively continuing current law for the Fall, 2009, term.
- Make the 128 credit limit for remissions cumulative across all institutions attended.

**Senate**

Adopt the Governor’s and JFC provisions. The Senate did not adopt the Assembly’s provisions concerning “hold harmless,” delayed implementation, or change in credit limit.

**Conference Committee**

Adopt the Governor’s provisions as amended by the Assembly except make new law effective with any veteran enrolling after August 14, 2009.

**Signing/Veto**

Signed – Governor’s provisions as amended by the Assembly and Conference Committee prevail.

**Minority Undergraduate Retention Grants  
(Higher Educational Aids Board)**

**Base**

Provides \$794,900 annually for need-based grants to minority students attending technical colleges, private (independent non-profit) colleges and universities, and tribal colleges. Approximately \$377,000 was awarded to 500 technical college students in 2007-08.

**Governor**

Increase funding for the overall program by \$7,900 (1%) in 2009-10 and by \$24,100 in 2010-11 (2%), a total of \$32,000 over the biennium.

**JFC**

Adopt Governor’s provision.

**Assembly**

Adopt Governor’s provision.

**Senate**

Adopt Governor’s provision.

**Conference Committee**

N/A

**Signing/Veto**

Signed – Governor’s provision prevails.

## **WTCS Capital Projects Limit**

### **Base**

Technical college districts may currently expend up to \$1 million for a capital project before approval is required by districtwide referendum.

### **Governor**

At the WTCS's request, increase the capital projects limit from \$1 million to \$1.5 million.

### **JFC**

Adopt the Governor's provision.

### **Assembly**

Adopt the Governor's provision.

### **Senate**

Adopt the Governor's provision.

### **Conference Committee**

N/A

### **Signing/Veto**

Signed – Governor's provision prevails.

## **WTCS Non-Resident Tuition**

### **Base**

Non-residents currently must be assessed the full operating cost of instruction. This makes non-resident enrollment cost-prohibitive. Resident tuition currently recovers approximately 18% of average operating costs for technical/occupational courses and 38% for liberal arts courses. Wisconsin law requires that resident students not be displaced by non-resident enrollments.

### **Governor**

As requested by the WTCS, allow non-resident tuition to be set at 150% of resident tuition. Maintain current law providing that non-resident enrollment does not displace a resident.

### **JFC**

Adopt Governor's provision.

### **Assembly**

Adopt Governor's provision.

**Senate**

Adopt Governor's provision.

**Conference Committee**

N/A

**Signing/Veto**

Signed – Governor's provision prevails.

**Tuition for Certain Undocumented Persons  
(WTCS and UW)**

**Base**

No provision.

**Governor**

Provide that a citizen of another country be assessed resident tuition rates at technical colleges and UW institutions if the individual meets all of the following:

1. graduates from a Wisconsin high school or earns a GED/HSED in Wisconsin;
2. has been present in the state continuously for 3 years since beginning high school or prior to earning the GED/HSED, and
3. provides to the enrolling college/university an affidavit stating that he/she has applied for permanent residency status or will do so as soon as eligible.

**JFC**

Adopt Governor's provision.

**Assembly**

Adopt Governor's provision.

**Senate**

DELETE Governor's provision and return to current law (no provision).

**Conference Committee**

Adopt Governor's provision.

**Signing/Veto**

Signed – Governor's provision prevails.

## **WTCS Agency (System Office) Operations**

### **Base**

\$3.65 million funding for WTCS (state board) staff and office operations.

### **Adjustment Bill**

Cut operations by \$36,500 (1%) for 2008-09.

### **Governor**

Permanent across-the-board cut of 1% annually. This is \$36,500 annually and \$73,000 for the biennium.

### **JFC**

- In addition to 1% cut, impose additional 5% across-the-board cut to operations. This is an additional cut of \$182,500 annually and \$365,000 for the biennium.
- Impose 8 days of unpaid furlough for all state agency staff.
- Rescind pending 2% compensation increase for non-represented staff. For represented staff, 2% increase may not be rescinded without union approval. Absent such approval, the state will impose additional funding cuts equal 2% of payroll resulting in potential additional layoffs.

### **Assembly**

Adopt JFC provisions (Governor's provision as amended by JFC).

### **Senate**

Adopt the JFC provisions (Governor's provision as amended by JFC).

### **Conference Committee**

N/A

### **Signing/Veto**

Signed – JFC provisions (Governor's provisions as amended by JFC) prevail.

## **Wisconsin Indianhead Technical College Grant**

### **Base**

No provision.

### **Governor**

No provision.

**JFC**

Provide a one-time grant of \$25,000 to WITC for 2009-10 to create a “program serving dislocated workers in Rusk County.” This grant will be made from new funds. It was not requested by the WTCS or the college.

**Assembly**

Adopt the JFC provision.

**Senate**

Adopt the JFC provision.

**Conference Committee**

N/A

**Signing/Veto**

Signed – JFC provision prevails.

**Center for Advanced Technology Innovation (CATI)  
(Department of Commerce)**

**Base**

Provide \$100,000 annually from the Department of Commerce Development Fund to Racine Area Manufacturers and Commerce to operate CATI, Inc., the not-for-profit organization distinct from but affiliated with Gateway Technical College’s CATI facility.

**Governor**

Delete CATI appropriation.

**JFC**

Maintain CATI appropriation but reduce amount to \$50,000 annually and require local organization \$50,000 annual match.

**Assembly**

Adopt the JFC provision.

**Senate**

Adopt the JFC provision.

**Conference Committee**

N/A

**Signing/Veto**

Signed – JFC provision prevails.

## **Fire Training Dues (Department of Commerce)**

### **Base**

Commerce distributes \$600,000 annually for WTCS grants to local districts to defray the cost of technical college training for local fire departments. These funds are part of an estimated \$14.87 million collected annually through an insurance premium charge. The balance of these funds go directly to operate local fire departments. State law requires technical colleges provide training to paid and volunteer municipal firefighters at no cost.

### **Governor**

Increase the amount of funding Commerce distributes to the WTCS by \$144,000 in 2009-10 and by \$225,600 in 2010-11, a total of \$369,600 over the biennium, to better reflect the actual cost of local college training.

### **JFC**

Eliminate the proposed increase and maintain base funding of \$600,000 annually.

### **Assembly**

Adopt the JFC provision.

### **Senate**

Adopt the JFC provision.

### **Conference Committee**

N/A

### **Signing/Veto**

Signed – JFC provision prevails.

*This report is based on the best information available at the time of publication. The content is provided by Paul Gabriel, who is responsible for it. Any analysis or opinion is exclusively the author's.*

*For more information on these or other state budget provisions, contact Paul Gabriel, 608 266-9430, [pgabriel@districtboards.org](mailto:pgabriel@districtboards.org).*