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State Budget Wrap-Up

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Great Success Despite Extremely Tough Budget Process

With the June 29th signing of AB 75, Governor Doyle finalized a very positive overall 2009-2011 budget for Wisconsin Technical Colleges. The final budget agreement increases the colleges' general aid funding and student financial aid by millions of dollars compared with the original bill introduced in February. The bill also provides new flexibility for the system and colleges through statutory (non-fiscal) provisions.

This was exceptionally positive in an environment that began with the economy dramatically slowing and with projected deficits rapidly growing. Essentially, all state funding streams were told to prepare for deep cuts as the 2009-11 budget was developed. On the eve of the new budget process, the state rapidly passed a budget adjustment bill for the 2008-09 year to bridge a surprise \$342 million shortfall just 4 months before that year would end.

Deep Cuts Avoided

Just as important as the increases we secured, the final budget agreement avoided any across-the-board cuts to general aid funding. This is an enormous victory in the face of cuts ranging from 3.5% to more than 10% imposed on most state funding streams. These cuts were imposed on K-12 school aid, and municipal shared revenue funding, among others. The UW System also lost significant general purpose revenue (GPR) funding. While categorical aid to the colleges was cut 1% across-the-board, this was significantly less than cuts imposed on almost all other state funding.

When the state's estimated budget deficit for 2009-11 unexpectedly jumped again in the spring, this time by an additional \$1.6 billion, the Joint Finance Committee (JFC) paused for several days in the midst of the budget process to reconsider its previous votes and to make deep new cuts. At least one proposal circulated to address this gap included 5% cuts to both WTCS general and categorical aid. This would have resulted in \$14 million in cuts over the biennium to technical colleges. Cuts of this magnitude, combined with the impact of falling property values and record high enrollment, could well have devastated the colleges' ability to serve at a crucial time for the state and for our students. We avoided these cuts and avoided any reconsideration of the JFC's previous decision to restore WTCS funding and provide a modest increase.

While it's unusual to label a "close call" as a great success, our advocacy efforts and the level of understanding we built with JFC members made the difference on avoiding major cuts. This result, while justified, surprised capitol watchers and the advocates supporting many other worthy causes that were not so fortunate.

A Few Budget Disappointments

WTCS Agency/Office Hit Hard -- There were disappointments, as well. WTCS office operations were cut significantly, in line with other state agency operations. Like other state employees including UW System employees, WTCS office staff will also be subject to unpaid furloughs. Non-represented staff lost a pending 2% compensation increase that was to go into effect this month.

Veterans Tuition Complications -- Additionally, while the state's partial funding of veterans tuition remissions was preserved, and some veterans will now be required to apply federal benefits toward their tuition costs, a complex and administratively burdensome "hold harmless" provision was included in the budget. This provision will require colleges to pay back refunds to some vets if federal benefits are reduced because the vet used benefits toward tuition. The impact of these complicated provisions and the exact method and responsibility for calculations and administration are far from settled at this point.

New Flexibility Provisions Protected

For non-statutory changes, we were able to protect the Governor's proposal to increase district capital project limits without a referendum from \$1 million to \$1.5 million. This provision is now in effect. We were also able to protect the Governor's proposal to allow new flexibility in assessing non-resident tuition. The WTCS Board will be able to establish non-resident tuition at 150% of resident tuition while assuring resident students are not bumped from programs.

We were granted new flexibility in the use of Workforce Advancement Training Grants. The set-aside for small business was reduced from \$1 million to \$500,000 annually, better reflecting demand. The small business application rules were streamlined and the appropriation may now be used on a 2-year, rather than annual, basis, also increasing flexibility.

Finally, we were granted, along with the UW System, the ability to treat an undocumented citizen of a different country as a resident for tuition purposes if he/she graduated from a Wisconsin high school, lived in the state for several years, and is pursuing permanent residency.

A summary of these provisions and others affecting technical colleges is found at the end of this report. A detailed comparison of budget provisions as they evolved throughout the process is available at www.districtboards.org or by contacting the Boards Association office.

Unified Strategic Advocacy Made the Difference

One year ago, the District Boards Association was assessing its Committee on Technical College Funding's dynamic report as the WTCS Board brought stakeholder groups to its table in preparation for the 2009-2011 budget process. Both of these processes would lead to consideration of diverse ideas and proposals. Both would also lead to a common bottom line: *Increased state investment in technical colleges is essential to the colleges' long-term ability to meet their mission.*

One year later, with the signing of a difficult state budget in truly extraordinary times, we have begun to turn the corner positively, even if only modestly, despite the worst economic crisis facing our country in eighty years.

“Next Generation Workforce” -- In September, 2008, the WTCS Board sent its budget proposal to the Governor highlighted by the “Next Generation Workforce” initiative, a strategic investment in technical college general aid targeting expanded capacity in four crucial areas. These areas were determined by the WTCS and colleges working closely with their communities including business and industry leaders:

- Energy, including “Green” and renewable energy and technology,
- Advanced manufacturing,
- Health occupations, and
- Student Success, such as readiness for college-level work.

Next Generation was rounded-out by other budget proposals including a focus on increased need-based financial aid and the statutory (non-fiscal) flexibility initiatives noted above.

Coalition Input and Advocacy -- The WTCS Board's budget plan was crafted with input from, and the support of, WTCS Coalition members including the District Boards Association, the WTCS Presidents Association, faculty and staff through WEAC and AFT-Wisconsin, students through Wisconsin Student Government (WSG), and career and technical education professionals through the Wisconsin Association of Career and Technical Education (WACTE).

Together, WTCS Coalition partners mobilized what many believe was our most significant, coordinated, and unified advocacy effort ever. By mid-summer, WTCS President Dan Clancy and WTCS Board member (now president) Stan Davis were joined by SWTC President Karen Knox, and Paul Gabriel for a private meeting with Governor Doyle. The WTCS presidents and system staff led an enormous campaign generating Next Generation letters of support, particularly from business and industry. This effort was complemented by WEAC's Andy Lyons, who also generated scores of letters. By the budget's winter introduction, almost 2,000 letters had been delivered to legislators and the Governor in support of our priorities.

There were other shining examples of great advocacy. Waves of advocates visited the Capitol. The District Boards Association moved its legislative seminar from April – often too late in the process to affect it significantly – to January, just before the budget was introduced. Both the WSG and WACTE followed with successful legislative days during the budget process.

Success in the Joint Finance Committee (JFC) Process

JFC Hearings and Advocacy -- In March and April, the JFC held seven statewide budget hearings (Sparta, Racine, Cambridge, Milwaukee, Appleton, Eau Claire and Ashland). At each one, the WTCS was well-represented by heartfelt testimony coordinated to support our unified proposals. College presidents, board members, faculty, staff, students, and other supporters spoke at these hearings and one-on-one with JFC members. Our presence at these hearings and the supporting efforts of our campus advocates also translated into positive media reporting, guest columns, and editorial coverage. As the JFC began crucial voting to rewrite the package in April, dozens of our advocates from every Coalition group made legislative contacts. The Boards Association staff, AFT-Wisconsin, WEAC, and the WTCS staff also mobilized several of our key members to make targeted efforts with key members of the JFC and with top Assembly and Senate leadership.

The Leadership of One -- From March through May as the JFC rewrote the budget, a number of its members spoke up on our behalf. Across the 16-member JFC panel, one member stood out as a hero from start to finish in support of our students and our issues. Representative Cory Mason, D-Racine, a new JFC member beginning his second term in the Assembly, worked tirelessly to promote our initiatives and to craft complementary initiatives during the process. A number of individuals and Coalition partners close to the process have noted that we simply would not and could not have come through so favorably without Representative Mason's steadfast leadership and peerless support.

As reflected in budget highlights, below, the JFC's April 29th 12-4 party-line vote (with the support of all Democratic members) would make a huge difference for technical colleges in this budget. Compared with the budget bill as introduced, passage of JFC motion #175 improved technical college general aid and student financial aid funding by some \$6.4 million over the biennium.

Preserving our Gains in the Final Package

Following the successful JFC process, each house would, in turn, make dozens of changes to the JFC budget version. Each of these would ultimately need to be reconciled by a joint "conference committee" in order to pass an identical bill in both houses. Three of these issues affected the WTCS. Two were smaller technical matters. The third, the Assembly's inclusion of the veterans tuition "hold harmless" provision described above, was significant. The final compromise bill would include the hold harmless provision.

Wisconsin's Governor retains the most powerful veto pen among the states, despite new limits on that authority. In this biennium budget, however, none of the Governor's line-item veto changes would affect technical colleges.

Conclusion

Our collective year-long budget journey was characterized by uncertainty throughout. It was an unnerving journey at times. It changed rapidly and profoundly mid-stream. It left us scrambling in the Capitol more than once. More times still, it left us holding long vigil as the JFC and each house worked late or in overnight marathons.

We have never been more highly regarded or protected from harm in the budget process. We realized meaningfully improved funding and new flexibility against the odds. This is little solace, however, for an individual seeking our help who is not able to gain access because of waiting lists or because of too little financial aid and too much financial hardship. It's also little solace for colleges already stretched like never before and facing stagnant property values at best, and the 1.5 mill levy limit with falling values at worst.

Like so many great struggles, our satisfaction with a job well done one year later is rightfully earned. Congratulations and thank you. What it really brings us, however, is merely a pleasant pause and the opportunity to keep on fighting harder than ever.

For more information, contact Paul Gabriel: 608-266-9430, pgabriel@districtboards.org.

Summary of Budget Outcomes Affecting Technical Colleges (AB 75 as passed and signed as 2009 Act 28)

A detailed comparative summary of provisions is available at www.districtboards.org.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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.

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