June 2, 2015

Budget Update: Joint Finance Committee Completes Technical College-Related Budget Voting

• Additional technical college changes possible, but not expected. Budget goes next to each house, then to Governor (page 2).

WTCS Goes “4-for-4” on Top Priorities!

• “Shared Services” -- JFC defers action until 2016 on “Shared Services” project. WTCS staff and functions remain intact pending additional study (page 2).
• Tuition Freeze -- Proposed tuition freeze eliminated from budget (page 4).
• Performance Funding -- Performance funding capped at 30% (page 4).
• Health insurance Risk Sharing -- Provision allowing sharing of risk for health insurance is approved (page 5).

Wide Range of Additional Issues Affecting Technical Colleges Addressed in Budget

• MATC Milwaukee Board Composition -- Motion passes to further restrict MATC Milwaukee Board composition (page 6).
• New Veterans Program Funding -- Motion passes providing WTCS one-time $500,000 grant to support veterans’ success (page 6).
• Student Insurance Opt-Out -- Student accident insurance opt-out passes (page 7).
• Home School Students on WTCS Campuses -- Exception for home-school students under age 16 attending technical colleges passes (page 7).
• Gateway Charter Authority – Gateway given direct “STEM” and occupational-related charter school authority (page 7).
• New WTCS Funding -- Democrats’ motion for major new technical college funding fails (page 8).
• WEDC Grant to NTC – WEDC funds awarded to Northcentral Technical College (page 8).
• “Course Options” Eliminated – “Course Options” program eliminated; Part-time open enrollment restored (page 8).
• Alternative Teacher Licensing – Alternative for licensing teachers with industry experience/without a bachelor’s degree passes (page 9).
• High School Technical Education Grants Preserved – High School grants for students graduating with industry certifications preserved (page 9).
• Property Tax Bill Information – Additional information about levies required on tax bills (page 10).
• Student Financial Aid -- Financial Aid funding held flat, as expected (page 10).
• Continuing Education Credits for Teachers (page 10).
• Next steps and conclusion (page 11).

JFC Budget Almost Ready for Full Legislature – Additional Changes Affecting Technical Colleges Not Expected

The Joint Finance Committee (JFC) is close to completing more than 5 weeks of “executive action” votes to adjust and rewrite AB 21 and SB 21, the Governor’s 2015-2017 state budget bill. After action in the near future on transportation and a Milwaukee Bucks arena deal, the JFC will send its version of the budget to each house for consideration. Few changes are expected in either house, and changes affecting the technical colleges are unlikely.

Any changes to the JFC version in either house must be reconciled in the other. Once both houses pass the same version, the bill is sent back to the Governor. The Governor then makes line-item vetoes and signs the bill. Wisconsin’s Governor has a powerful veto pen and can eliminate individual words and numbers as well as entire provisions of the massive bill. The resulting state budget bill establishes state revenues, expenditures and programs for the two-year biennium beginning July 1, 2015.

As described below, the WTCS realized 3 of its 4 top budget priorities and was able to defer implementation on the 4th in favor of additional study.

Top Priority 1: JFC Vote Defers Decision Until 2016 on Elimination of WTCS State Agency Staff and Transferring Functions to the Department of Administration

The Governor’s budget bill proposed eliminating certain staff and state agency functions, including IT, HR, payroll, budget and finance functions, in sixteen state agencies including the WTCS (state system office). This would require eliminating approximately 9 WTCS staff, almost ¼ of the agency’s state-funded workforce. It would shift all WTCS IT and other affected services to the centralized Department of Administration (DOA) and require the WTCS to purchase these services from DOA instead of providing them internally. No provision was made to provide for or fund the
many additional functions that would remain at the WTCS now provided by the eliminated staff.

After weeks of intense advocacy on both sides of this issue, we were able to secure a deferral on this crucial matter until March 2016. Prior to the vote, several JFC members supported our position to completely remove the WTCS from the “Shared Services” proposal. However, this proposal affected each of the sixteen agencies very differently. Each would have required significant time to be studied and debated by the JFC.

Given the complexities and pressure to complete a budget package as quickly as possible, the JFC passed an “omnibus” motion on May 27th on a 12-4 party-line vote to defer the issue as follows:

Multiple Agencies Omnibus Motion #509 (excerpt):

“… Direct DOA to develop a plan, in consultation with the identified agencies, for assuming responsibility for services related to human resources, payroll, finance, budgeting, procurement, and information technology (IT), for one or more of the following agencies … (16 listed including the WTCS)…. Specify that the secretary of DOA submit to the JFC a plan for approval … no later than March 1, 2016, for implementation beginning July 1, 2016. Require DOA to include in the plan which services would be provided to each agency, which positions would be deleted or transferred, and the number and type of positions and associated funding that would be provided to DOA.”

This retains authority for final decisions in the JFC next year. While we were not removed from the proposal, we have a new opportunity to assure that the WTCS ultimately is not subject to this proposal.

Including the WTCS in this proposal would erode flexibility, efficiency and responsiveness at the WTCS. The WTCS has a well-earned reputation for good governance, rapid responsiveness and providing accurate data. The need for all of these is increasing in an era of accountability and outcomes-based funding.

While the WTCS may appear to be a small state agency, it provides complex statewide systems serving the colleges, students, and many others. For example, the WTCS’s dedicated IT network (which it built, owns and operates) links all of the colleges with more than 700 password-authorized users statewide running data for complex student, financial reporting, grant, performance and accountability operations. The WTCS estimates the cost to purchase necessary server space and data usage alone (at current DOA rates and current WTCS usage levels) will be $800,000 annually above existing costs. No funding is provided to pay for these costs.

Furthermore, the staff slated for elimination provides many other services that can’t be provided by DOA at any cost. The lost staff members provide sophisticated consulting partnerships as higher education experts. They design and operate ever-changing
systems as required by the colleges, state law, the federal government, and other partners. The affected WTCS staff also wears many hats across functions. They handle a wide range of services that will not transfer to the DOA.

The motion (#509) passed on a 12-4 party-line vote on May 27th.

Top Priority 2 Accomplished: Tuition Freeze Eliminated!

As the first day of budget action began on April 15th, the JFC co-chairs announced that several items would be considered “non-fiscal policy” to be removed from the bill without further debate. This included the Governor’s proposed permanent freeze on WTCS tuition in high demand programs. This was an important victory in the budget process.

The Governor proposed freezing WTCS tuition beginning in 2015-16 for “high demand” programs as determined by the Department of Workforce Development (DWD). Among many problems with this proposal, DWD was to determine these programs based on unfilled jobs statewide at a certain past point in time annually using its new “Labor Market Information System” (LMIS), which is not yet operational.

Further, high demand programs identified by the LMIS would not necessary match with programs in which more applicants are needed. The high-demand determination would be statewide, while program demand varies widely by district. Significantly, technical colleges do not have the ability to charge and track differential tuition. Doing so would impose significant administrative costs. Finally, this proposal also would have stripped important longstanding authority from the WTCS Board and shifted it to DWD.

Importantly, Wisconsin Student Government (WSG) opposed the tuition freeze and took that message very ably to legislators. Student leaders argued that tuition is best set by the WTCS Board in carefully balancing access/capacity with affordability. Students noted that they have traditionally been included in the WTCS Board’s tuition development workgroup. Student leaders’ voices made an exceptional and positive difference on this budget issue and its outcome.

Top Priority 3 Accomplished: Outcomes-Based Funding Capped at 30%!

The JFC voted 16-0 to permanently cap outcomes-based funding once it reaches 30% of state aid in 2017-18. This was an important victory and represented another of our top budget priorities.

The Governor proposed shifting 100% of general aid funding to outcomes-based funding in both the 2013-15 and 2015-17 state budget bills. In the 2013 process, the JFC amended the budget to cap the shift at 30%. That change was vetoed by Governor
Walker, leaving the long-term formula in limbo. The Governor then reinstated the 100% proposal in the 2015 -17 budget bill.

A 30% cap (with 70% of aid remaining under the traditional formula) incentivizes excellence without risking significant funding losers at the expense of winners. Each percentage increase to performance places more at stake for districts but with greater volatility. Inevitably, district behavior will defensively protect its base funding. Districts do many things within their mission not accounted for by the outcomes-based formula. These activities will be among the first at risk as the stakes increase. Defensible data demonstrates that major funding losses and gains unrelated to changes in performance will occur as the percentage climbs.

The new 30% cap is likely subject to veto once again. Wisconsin’s governors have the most powerful veto pen in the land and can strike numbers and words in any appropriations bill. We will continue to work hard to support outcomes-based funding that is meaningful, but not at a level that causes harm and funding volatility unrelated to outcomes and performance.

**New 10th Outcomes Criterion Passes; JFC Requests Outcomes Funding Report:**
The JFC also adopted the Governor’s proposal to add a 10th criterion based on the number of credits awarded for “prior learning,” described as “relevant educational experience or training not obtained through an institution of higher education, including skills training received during military service.” This addition will allow a district to select 7 of 10, rather than 7 of 9, criteria. We supported this proposal. Finally, the JFC requested the WTCS prepare a report on “possible changes to the performance-based funding formula and additional performance criteria that could be included.”

This motion (#93) passed on a 16-0 vote on April 17th.

**Top Priority 4 Accomplished: Authorized Risk-Sharing Across College Districts for Health Insurance Coverage Preserved in Bill!**

The JFC maintained the Governor’s proposal adding technical colleges to a list of local governments authorized to share/pool risk in providing employee health insurance. This success represented another of our top priorities.

Six technical colleges are scheduled to launch a new health insurance consortium effective July 1, 2015, including sharing “stop loss” coverage. Because state law already included permissive language authorizing towns, villages, cities and counties (but not technical colleges) to share risk for health coverage, we requested this language in the budget as an efficiency measure. The JFC’s decision to leave this provision in the budget (no action was required) was very positive.
Mixed Bag of Additional JFC Actions Affect Technical Colleges

In addition to reviewing and adjusting provisions of the Governor’s budget bill, JFC members add their own ideas and rank-and-file legislators offer motions through JFC-member “budget buddies.” Several issues, both negative and positive, were considered during JFC deliberations on the technical colleges and on other agencies as follows:

MATC Milwaukee Board Composition Further Restricted

On a motion by Senator Alberta Darling (R-River Hills) and Representative Dale Kooyenga (R-Brookfield) and passed on a 12-4 party-line vote, the JFC further restricted eligibility to serve on the MATC Milwaukee District Board.

In 2011, the Legislature removed 2 employee, 2 employer and 1 of 3 additional member positions from (only) the MATC Milwaukee board and required they be filled instead by 5 private businesspersons. A series of additional restrictions were imposed, including: that 3 come from businesses of 15 or more employees; 2 come from businesses of 100 or more employees; and that 2 come from manufacturing businesses.

The JFC’s new restriction requires that a person appointed to any of the 5 businessperson positions must also have at least 2 years experience managing a business of at least 15 employees, or at least 2 years experience managing the finances or hiring of personnel of a business with at least 100 employees.

This was an unnecessary further intrusion on local control and board composition. The 2014-15 MATC Milwaukee Board already includes 5 top businesspersons: the CEO of Allis Roller, a manufacturing company; the retired vice president ManpowerGroup, a Fortune 500 company; the Chairman/CEO of DAAR Engineering, Inc.; a machine builder at Master Lock Company; and, the Principal/Owner of Trefoil Group, Inc.

This motion (#95) passed on a 12-4 party-line vote on April 17th.

One-Time Funding of $500,000 Provided to WTCS in Support of Veterans’ Jobs

The JFC’s action on the Department of Veterans Affairs budget included shifting $500,000 on a one-time basis to the WTCS in the budget’s second year, 2016-17, to create a veterans job grant program. The WTCS must match the new $500,000 with its own funds. The funds will be distributed competitively by the WTCS to districts for a wide range of services including: recruiting, training and graduating veterans in high-demand fields, specialized services for vets such as career pathway planning and obtaining credit for prior learning, collaboration projects with employers, and providing internships, mentoring, job coaching, and other services.
This positive and unexpected action reflects the Legislature’s increased understanding of the WTCS’s commitment to serving veterans. While these are one-time and matched funds, they are very positive and can create results upon which the WTCS and colleges can build future program and funding requests.

This motion (#98) passed on a 16-0 vote on April 17th.

**Student Accident Insurance Fees Made Refundable if Other Insurance is in Place**

The JFC required that any student assessed for accident insurance as a condition of enrollment (typically $6 to $10 per semester as part of student fees) may request and receive a refund for such coverage if they demonstrate they already have equivalent coverage in place. Colleges require accident insurance to protect in case a student is injured in the course of instruction, at a clinical site, or in transit to and from clinical or similar experiences.

This motion (#94) passed on a 16-0 vote on April 17th.

**Home School Students Under the Age of 16 on College Campuses During the Regular School Day**

The JFC created an exception in longstanding state law that prohibits individuals under the age of 16 from attending a technical college class on a college campus during the “regular school day.” Currently, students under 16 may carry a course online, at their regular school, or on a campus at times other than during regular school hours. The permission of both the parent and district is also required to enroll any person under 16.

Under this motion, a student who is home schooled may attend a technical college course on a college campus during the regular school day. This motion does not change current law requiring that the college and student’s parents both approve.

This motion (#24) passed 16-0 on April 17th.

**Gateway Given Direct Charter School Authority**

As part of the JFC’s omnibus motion on the UW System, the JFC provided that Gateway Technical College be allowed to authorize independent charter high schools focusing on science, technology, engineering and math (STEM), or on occupational education and training. Any such charter school must be located in the GTC district or
an adjacent county to the district and may enroll high school students living in the GTC district or the adjacent counties. GTC is authorized to employ instructional staff to teach at a charter school created under this authority. New charter authority was also provided to the UW System and tribal colleges in this motion.

This motion (#521) passed on a 12-4 party-line vote on May 29th.

**Democrats’ Motion to Provide Grants to Technical Colleges Fails**

The JFC’s four Democrat members introduced a motion to provide $49 million in new funding to the WTCS. The motion repeated the provisions of the pending “Workforce Growth Grants to Technical Colleges” bills detailed in the current “Bills of Interest to Technical Colleges” document online. This motion would have provided $20 million annually for grants to districts to close the skills gap. It would also fund state budget items requested by the WTCS, but not included in the Governor’s budget bill (additional state aid and funds targeted to veterans services, entrepreneurship and dual enrollment).

This motion (#70) failed on a 4-12 party-line vote on April 17th.

**WEDC Grant to Northcentral Technical College Passes**

As part of a large omnibus motion affecting several agencies, the JFC provided $250,000 on a one-time basis to the Wisconsin Economic Development Corporation (WEDC) and directed the WEDC award the funds to Northcentral Technical College to be used “…to purchase stoves, ovens and other equipment for its Culinary Arts program and business incubator facilities.”

The motion (#494) passed on a 12-4 party-line vote on May 21st.

**“Course Options” Program Deleted**

As part of the massive DPI omnibus motion affecting public K-12 education, the JFC eliminated the problematic “course options” program created in the 2013-15 budget bill. The motion also restored the “Part-time Open Enrollment” program eliminated in 2013.

Until 2013, part-time open enrollment allowed certain K-12 students to attend courses (open enroll) part-time at another K-12 school. When this was replaced by “course options,” a student could also enroll in higher education courses (including at technical colleges) in addition to courses in other schools and school districts. The deleted
Course Options program is distinct from the longstanding Youth Options program, which continues.

This motion (#457) passed 12-4 on a party-line vote on May 19th.

Create Alternative Teacher Licensing for Persons With Industry Experience/Without a Bachelor’s Degree

The DPI omnibus motion also included a provision allowing individuals without a bachelor’s degree to teach technical education subjects in Wisconsin public schools. DPI would be required to develop a point system rating for candidates and grant an initial teacher’s license to individuals who have enough points based on industry experience in trade or technical fields, industry certification, apprenticeship experience, and similar experience. A person demonstrating enough points could be hired without a bachelor’s degree, and the hiring school district would establish a curriculum for the new teacher to follow to round out his/her qualifications.

This motion (#457) passed 12-4 on a party-line vote on May 19th.

Preserve High School Career and Technical Education Grants to School Districts (but at DWD rather than DPI)

The Governor’s bill proposed ending the new program passed in the 2013-15 budget to provide school districts a $1,000 grant from DPI for each student who graduates high school having completed an industry-based certification credential in certain fields. DPI was funded at up to $3,000,000 annually for this purpose.

Instead, the Governor proposed transferring the program and funding from DPI to the Department of Workforce Development (DWD). DWD would make general grants (not per-graduate) supporting industry-based training in high schools.

The JFC voted to move the program and funding from DPI to DWD but preserved the original award mechanism to provide $1,000 awards to school districts for each high school graduate having earned industry-based certification.

This motion (#730) passed on a 15-1 vote on May 7th.
Additional Information Required on Property Tax Bills

The JFC voted to require that property tax bills specifically list any tax amount generated by a successful referendum to exceed technical college, school district, county/town/municipal revenue limits. The amount levied on the property and date through which the levy increase will be in effect must be listed. This motion appears to apply only to referenda to exceed operating revenue limits and not to approved debt/capital projects.

The motion (#379) passed on a 12-4 party-line vote on May 14th.

Need-Based Financial Aid Funding Remains Steady as Proposed; Motions to Increase Funding Fail


Two motions failed on party-line 4-12 votes. One (Motion #268) would have provided “Sum Sufficient” (full funding) for all WTCS Wisconsin Grant student aid. This would have increased state funding (currently about $19 million annually) by an additional $38 million or more annually, essentially tripling state funding. The second motion (Motion #267) would have fully-funded the state mandate that technical colleges waive tuition for most military veterans and many family members of veterans.

No action was required to maintain current aid funding. Motions #267 and #268 failed to pass on 4-12 party-line votes on May 12th.

Continuing Education Requirements to Renew a Teaching License

Finally, the DPI omnibus motion included a provision to require DPI to accept credits earned at any accredited institution of higher education, if continuing education credits are required to renew a teaching license.

Under teacher licensure rules, continuing education credits required for license renewal must be earned from a 4-year institution of higher education, to the exclusion of technical colleges. This provision gives teachers additional options to earn continuing education credits most relevant to their areas of instruction, as part of the overall ‘professional development plan’ required by current rules, without affecting existing partnerships between technical colleges and 4-year institutions.

This motion (#457) passed 12-4 on a party-line vote on May 19th.
Next Steps and Conclusion

The above outcomes are likely to remain in place given the low probability of JFC revisiting an already considered topic, and given the desire in each house’s majority to make as few changes to the JFC package as possible. Any language or amounts in the massive bill are, of course, still subject to line-item veto. Most observers expect the JFC to send the bill to each house by mid-June and for the bill to be signed with vetoes by June 30th.

Additional changes, if any, and the final disposition of our issues will be reported as soon as possible.

While some of the stand-alone motions passed into the bill were surprises and are not supported by this association, it is truly exceptional that we have realized all four of our top budget priorities in the JFC process. This is a reflection of just how respected the WTCS is by the Legislature – both parties and both houses – and how closely the Legislature counts on its input to inform their actions.

It is also important to note that neither the Governor nor the JFC sought to change the statewide nature of local board governance or local funding authority in the budget bill. With the important exception of further intrusion on MATC-Milwaukee Board composition, the budget bill could have addressed other aspects of local funding and governance raised over the past year.

The totality of accomplishments realized to date are due in large part to the dedicated and coordinated effort of all 16 colleges, the WTCS staff and Board, WSG and our exceptional student leaders, our faculty and staff, The Wisconsin Association of Career and Technical Education (WACTE), and the Boards Association. The input of hundreds of business leaders, chambers of commerce and economic development groups as part of the Legislative Council Committee process throughout Summer, 2014, also can’t be overestimated.

In particular, WTCS President Morna Foy and Executive Vice President Jim Zylstra have spent countless hours in the Capitol since before the commencement of budget drafting. The college presidents have assisted ably, both directly with key legislators, and through support of supplemental lobbying resources provided through Mark Graul and Sean Stephenson of Arena Strategy Group. MATC Milwaukee has brought in lobbying resources as a seamless part of the statewide team. Many statewide functional groups, especially the Statewide Marketing Consortium, have assisted greatly too.

As for the District Boards Association itself, a number of board members have made effective advocacy contacts to bring local goodwill and locally tailored messaging to Capitol decisionmaking. Your new executive director, Layla Merrifield, was particularly instrumental throughout the process in her WTCS policy advisor role; one that provided great experience for a successful transition to the Boards Association.
Your outgoing executive director found his 10th and final biennial budget process to be among the most rewarding. In an exceptionally challenging budget environment, we came together, built our plan together, stuck together, and positively influenced every issue we could together. While there are some outcomes to date we do not support, going “4-for-4” on our top priorities is worth celebrating. It is also worth reflecting on how we did it and the recipe for doing so again in the future.

This report was prepared for members of the Wisconsin Technical College District Boards Association by Paul Gabriel. Any analysis or opinion in this report is exclusively the author’s.