

Fall Legislative Update
Wisconsin Technical College District Boards Association

October 23, 2006

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WTCS Budget Proposal Advances

The WTCS Board has approved and forwarded to Governor Doyle a dynamic request for the 2007-2009 biennium budget bill. As summarized below, the \$41 million package matches a “realistic investment” with “exceptional results” for Wisconsin.

In crafting the request, the board sought input from a working group comprised of representatives from the District Boards Association, Presidents Association, Wisconsin Student Government, WEAC, AFT-Wisconsin, and the Wisconsin Association of Career and Technical Education, in addition to state board members and WTCS staff. Association Past President Phil Baranowski (Moraine Park) and Executive Director Paul Gabriel represented the Boards Association.

The overall state budget process from proposal to signed bill is summarized below at pages 5-6. A chart summarizing current and proposed budget funding is provided at page 7.

The WTCS request was carefully tailored to match a number of the priorities established in the Governor's budget instructions including: education, economic development, intergovernmental support & cooperation, fiscal restraint & responsibility, efficient program delivery, and energy efficiency.

The \$41 million over the biennium translates to an 11% first-year increase in total state support for the WTCS from \$120.3 million this year to \$133.6 million in 2007-08. It represents an additional 10.4% increase for the second year, 2008-09, to \$147.5 million. The bulk of this increase is requested in general aid support:

General Aid

Increase general aid by \$31.9 million over the biennium

Distributed by formula, general aid represents the state's core funding for technical colleges. We have largely defeated attempts to cut general aid funding in recent budgets (roughly \$1 million was lost in a one-time lapse in the current biennium). However, we have not realized any increase in general aid funding since 2001. With flat or slightly falling funding, general aid continues to shrink as a percentage of overall WTCS funding.

The WTCS proposal requests an additional \$31.9 million in general aid over the biennium in response to the Governor's stated priorities and as a strategic investment to:

- Maintain statewide access
- Strengthen Wisconsin's economy
- Aid in responsiveness to workplace needs
- Offset increased energy costs, and
- Reinforce State's commitment to WTCS

Current state general aid of \$118.4 million would increase to \$128.4 million in 2007-08 (an 8.4% increase) and to \$140.3 million in 2008-09 (a 9.4% increase).

This funding would stabilize but not dramatically increase the state's investment share in the WTCS. The WTCS staff estimates the new investment will also help to educate workers for over 100,000 new high skill jobs expected in Wisconsin in the coming decade, and to provide funding for technical colleges to annually:

- Prepare 170,000 for new careers
- Upgrade skills of 215,000 incumbent workers, and
- Assist 76,000 to gain literacy skills and/or high school diploma

Importantly, significant new general aid can also help reduce pressure on property tax levy increases.

Minority Student Participation and Retention Grants

Increase minority grants by \$1.22 million over the biennium

The proposal would double WTCS Minority Student Recruitment and Retention Grants (grants to districts) from \$.6 million annually to \$1.2 million annually in each year of the biennium (\$1.2 million total new funding). WTCS minority student enrollment has increased 31% since 1998-99. The WTCS enrolls and graduates more minority students than the UW System and enrolls a higher percentage of minority students than is reflected in the State's overall minority population.

In addition to responding to the enrollment increase, the request is targeted at improving opportunities for groups with high levels of unemployment and underemployment and providing local flexibility to respond to rapidly changing regional needs.

Workforce Advancement Training Grants

Expand grants from \$1 million annually to \$3 million in 2007-08 and \$5 million in 2008-09

This successful program, established in the 2003-05 budget, provides competitive grants through technical colleges to business and industry for reduced-cost training of incumbent workers. Grants may fund 75% of a business's training cost at a technical college with a 25% private match.

The new request would initially triple the program (from \$1 to \$3 million annually) in 2007-08, and increase it again in 2008-09 to \$5 million annually. This is \$6 million in new funding for the biennium. The increase would allow the colleges to serve an additional 35,700 incumbent workers and 267 employers statewide, particularly in manufacturing. This program has received excellent reviews and significant press coverage since its inception and has been noticed for its demonstration of specific outcomes.

Governor Announces Support for Proposal! At events in Green Bay and Kenosha on October 11th and 13th, Governor Doyle announced that his budget bill will fully fund this request! This is a major victory for the WTCS and is very positive for our budget prospects. While it is common for governors to release strategic budget plans in advance of the budget process - particularly in a key election year - the WTCS has not been the subject of such plans nor the recipient of significant new funding in recent budgets.

The Governor's announcement was part of a new "Jobs for the Future" initiative package. Beyond the dramatic expansion of Workforce Training Grants, the package includes other key WTCS-related elements through the state budget and/or using federal funds:

- Doubling funding for Youth Apprenticeship, from \$1.1 to \$2.2 million annually;
- Creating a "Get LEAN" manufacturing initiative, at \$1.5 million annually, to promote Lean techniques through WMEP, NWMOC, local workforce organizations, and technical colleges; and

- Creating a “manufacturing worker certification” program to expand Manufacturing Skills Standards Certification programs statewide.

Advanced Manufacturing Solutions

Request a new appropriation of \$1 million over the biennium

This request seeks a state-level investment in the ongoing Advanced Manufacturing Solutions initiative. This funding would address the critical need to attract new workers to fill high skill/high wage jobs in manufacturing through seeking training at technical colleges. Funding would be used for collaborative regional projects between the WTCS and manufacturers and would be targeted to serve youth, the underemployed, and dislocated workers.

COBE Collaborative Projects

Request a new appropriation of \$1 million over the biennium

COBE, the Committee on Baccalaureate Expansion, is a joint effort of the WTCS Board and UW Regents and has pursued transfer initiatives and development of projects to improve mobility between systems and increase the number of individuals earning bachelor’s degrees in Wisconsin. The UW received modest funding in the past budget to pursue COBE projects. This request extends such funding to the WTCS. It is intended to build on current resource reallocation by technical colleges and to leverage additional resources.

System Office Operations

Request \$300,000 for new positions related to administration of the Wisconsin Covenant and Veterans Tuition Remission programs

This request seeks to provide WTCS \$300,000 over the biennium for staffing to implement and administer the Wisconsin Covenant and Veterans and Veterans’ Dependents Tuition Remission programs that were established over the prior biennium. The Wisconsin Covenant is intended to provide a tuition remission at technical colleges, the UW, or Wisconsin private colleges and universities for students who commit in 8th grade to earn good grades and maintain good behavior and meet the covenant’s terms through high school graduation. It is slated to begin with students entering 8th grade in Fall, 2007.

The Veterans Tuition Remission has been expanded to cover 100% of veterans’ tuition beginning in 2007 (see HEAB section, below). The WTCS staff has been subject to major funding and personnel cuts in recent budgets. Federal funding supporting staff costs has

also been significantly threatened. Funding supporting the costs of the new veterans' remissions is requested through HEAB, below.

Higher Education Aids Board (HEAB) Requests

HEAB supports WTCS efforts to increase student aid and fund new remissions

As reflected in the summary chart below (page 7), the independent Higher Education Aids Board makes requests for budget funding of student financial aid, including aid for WTCS students. The WTCS budget working group submitted recommendations to HEAB, which has officially endorsed them and forwarded them to the governor in its own budget request.

WHEG -- Requests include annual increases of 8.1% for the WTCS Wisconsin Higher Education Grant (WHEG) funding. WHEG represents the primary state-level financial aid for WTCS students. The UW has a parallel program and private independent colleges and universities have a similar program. The HEAB request also includes statutory language linking future WTCS WHEG appropriations to increases in WTCS tuition, a provision already in place for the UW's parallel program.

Minority Retention -- The HEAB request seeks annual increases of 14.5% for the Minority Undergraduate Retention grants (individual grants), based on expected annual increases in minority student enrollments.

Veterans Tuition Remission -- Finally, HEAB is seeking "sum sufficient" funding authority and the necessary resources to administer an expanded reimbursement program for tuition remissions for veterans and their dependents. As widely reported last session, new state law provides that military veterans receive a 100% tuition remission at technical colleges and UW institutions beginning in Fall, 2007. Because other statutory provisions require that tuition-paying WTCS students fund a set proportion of educational costs, failure to secure this funding request will result in a shift of veterans' remission costs to non-veteran students.

The cost of the veterans' remission programs is estimated at \$5.5 million over the biennium.

The State Budget Process

The requests described above are part of budget proposals required of state agencies prior to each new biennium. Each element of state government is instructed to submit to the governor a budget proposal for the biennium beginning on July 1st of odd-numbered years. Alternating biennia - the current-year process included - coincide with gubernatorial as well as legislative election cycles. This means that the inputs are received by an

administration in campaign mode and that the actual budget bill is largely crafted following November elections.

Wisconsin's governor introduces a biennium budget bill early in the new legislative session; typically in February. That bill is assessed and largely rewritten by the powerful Joint Committee on Finance ("JFC"), comprised of 16 members; eight each from the State Senate and Assembly. The majority party of control in each house dominates and dictates its delegation's membership on JFC. With the 2005-07 Assembly and Senate in Republican control, each JFC delegation was comprised of 6 Republicans and 2 Democrats. A committee with 12 of 16 members from one party has more flexibility to rewrite the Governor's version of the budget bill.

With a split statehouse possible in 2007 should the Assembly remain in Republican control and the State Senate switch to Democratic control, JFC would become split evenly with 8 Republican and 8 Democrat members. Such an environment tends to reinforce the Governor's budget bill version because votes to amend it often fail on party lines with tie 8-8 votes.

Following the Winter and early Spring with JFC, the budget typically goes to each house for consideration in late Spring. Once an identical version passes each house, the bill goes to the Governor for veto consideration and signing. The June 30, 2007, end of the biennium and target for signing a new budget is admittedly a soft one. The State of Wisconsin automatically continues operation in the new biennium under the terms of a prior budget until the new budget is finalized. Unlike the Federal Government, there is no "shut down" looming if the budget is stalled when the new year and biennium begin.

Finally, Wisconsin's governor has powerful line-item veto authority. While a governor can't veto away funding cuts the legislature makes to existing programs, he can strike individual lines and words in the bill. This means the governor has a significant "last crack" at the budget.

A table summarizing budget requests follows.

Funding Summary

WTCS and WTCS-Related 2007 - 2009 Biennial Budget Requests
October, 2006

	<u>2006-07</u> <u>Base Year</u> <u>Funding</u>	<u>2007-08</u> <u>Request</u>	<u>2008-09</u> <u>Request</u>	<u>Biennial</u> <u>Increase</u> <u>over Base</u>
<u>State Aid to Districts</u>				
General Aid	\$118,415,000	\$128,415,000	\$140,315,000	\$31,900,000
Minority Student Participation & Retention Grants	589,200	1,200,000	1,200,000	1,221,600
Workforce Advancement Training Grants	1,000,000	3,000,000	5,000,000	6,000,000
Advanced Manufacturing Solutions	0	500,000	500,000	1,000,000
COBE Collaborative Projects	0	500,000	500,000	1,000,000
Total	\$120,304,200	\$133,615,000	\$147,515,000	\$41,121,600

System Office

System Office Operations— WI Covenant & Tuition Remissions	\$ 3,326,200	\$ 3,476,200	\$ 3,476,200	\$ 300,000
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Financial Aid (through HEAB)

Wisconsin Higher Education Grants	\$17,542,400	\$18,963,300	\$20,499,300	\$4,377,800
Minority Undergraduate Retention Grants	378,450	433,300	496,100	172,500
Reimbursement for Tuition Remissions for Veterans & Dependents	0	2,300,000	3,200,000	5,500,000

Difficult Budget Process Ahead Despite Improving Revenue Forecast

An improving economy is generating improved revenue forecasts for the upcoming biennium. The state's tax collection forecast was revised upwards by \$80 million in the past few months alone. However, this does not mean that we expect an easy budget process. In the September 29th issue of *Focus*, the Wisconsin Taxpayers Alliance makes a compelling case that the twin pressures of state school aids and commitments to Medical Assistance will drive a very difficult budget process notwithstanding increased revenue. In recent years, according to the WTA, these two areas account for most state budget growth. This has not changed and neither area can be ignored for the next budget, fiscally or politically.

In large measure, our state budget advocacy efforts will need to focus on two themes: state priorities and property taxes. The first theme is really no different than it's been in the past: establish the WTCS as a higher priority for state support regardless of the state's fiscal situation. In fact, we must establish the WTCS as a higher priority *because* of its challenging fiscal situation.

The second theme is property taxes. This would represent a new way to present solutions for a perennial problem. Property tax relief and the longterm viability of technical college funding can be a mandate for greater state investment in the WTCS. Of course, this also risks putting new tax levy limits on the table. It is a challenge for any institution to realize significant new state funding without also having new state scrutiny or controls imposed.

Using tax relief as the rationale for state investment in the WTCS would also reinforce another key advocacy objective. When those calling for elected boards cry "taxation without representation," it would help us distinguish between and separate "taxation" (Arguing that state support can result in lower property taxes) and "representation" (Arguing the value and strength of our governance model).

Challenges to District Board Governance Likely Loom in New Session

Recent discussions with legislative leadership suggest that proposals to require election of district boards will come up again in the 2007-09 session. Depending on factors such as the make-up of each house, its majorities, and the outcome of the gubernatorial election, this issue could be more or less prominent in the new session. Last session, an elected boards bill was introduced and was the subject of a hearing and much debate. It did not, however, proceed to a floor vote in either house.

Most rhetoric surrounding the board governance issue centers on property tax levies. While this creates a major advocacy challenge for us, it also creates some positive opportunities for advocacy. It helps us raise awareness about eroding state support for the WTCS. It also raises the level of discussion about other tax policy consequences such as the continuing shift of property tax burdens from all property to residential property.

Awareness about eroding state support translated into a bill late in the last session that would freeze WTCS levies but provide significant new state funding to the colleges in return. While that bill was never really viable, it generated a discussion that clearly linked our property tax levies to the state's investment in the WTCS. This sets an important stage for dialog in the new session.

Shaping the debate may be the key to supporting good public policy and to avoiding bad public policy in the new session. First, "taxation without representation" is about taxation, not our representation. Forced changes to board governance will do nothing to address a funding model that may well be reaching its breaking point. We must assure the dialog is about the actual problem: funding. With the sense that there's "no money" in Madison, it is natural but inappropriate for legislators to seek non-fiscal solutions - bad solutions, at that! - to an inherently fiscal problem. There is always funding that can be re-prioritized in the budget process and the WTCS is an important priority for the same.

Second, despite eroding state support, technical college boards have behaved responsibly and accountably to mitigate property tax increases while best meeting community needs. They have done so without the imposition of new controls on college levies or forced changes to governance. We must assure that our legislators truly understand that we are public, responsive, accountable, and that we insist on demonstrated outcomes reflecting good value for taxpayers.

Over the next weeks and months the governance issue will become a twin front – along with the state budget process – in our advocacy efforts. We challenge district board members and college leadership to begin now to identify strategies supporting these efforts.

Lauren Baker Reelected to ACCT Board!

MATC-Milwaukee Board member Lauren Baker, Co-Chair of the District Boards Association's Legislative Committee, was reelected to the Association of Community College Trustees (ACCT) Board of Directors during the group's annual leadership congress in Orlando on October 12th. First elected to a partial term in 2004, Baker was elected unanimously to a full three-year term on the Board.

While ACCT is comprised of over 6,000 college board members serving more than 1,200 colleges, the ACCT Board is comprised of just 24 members. Lauren's reelection reflects her hard work and her voice on behalf of MATC, Wisconsin, and on behalf of millions of community and technical college students. We are proud to have Lauren serving in this important capacity!

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