

WTCS 2005-07 Budget Request

At this time, the WTCS Board is being asked to adopt a resolution to approve a 2005-07 biennial budget request for submission to the Department of Administration by September 15, 2004. The WTCS Budget Development Committee recommendations would: (1) ensure continued excellence in the System's state-of-the-art education and training programs and facilities; (2) inspire new economic development initiatives that connect technical education to Wisconsin's economic future; and (3) ensure continued access to higher education for Wisconsin citizens.

1. Ensuring Continued Excellence in Career and Technical Education

The WTCS is recognized nationally and internationally as a leader in providing high quality, cost-effective education and training programs. State statutes recognize the unique and vital mission of the WTCS in improving educational access and opportunity and fostering economic development for Wisconsin residents. State statutes also establish a three-prong funding mechanism that includes state aid, local property taxes and learner contributions. This funding mechanism helps ensure the vitality of the WTCS by recognizing that state, local communities and students are each stakeholders who benefit from a strong, healthy technical college system.

Maintaining top-notch WTCS programs requires an on-going state commitment. However, in recent years, state support has not kept pace with other funding sources in contributing to educational opportunity and access for Wisconsin residents. Without additional state support, it will be increasingly difficult for WTCS colleges to provide Wisconsin citizens full access to its diverse program and educational opportunities. To ensure continued excellence in career and technical education, the Budget Development Committee is recommending that the WTCS request state funding to:

- maintain general state aid as a percentage of current year funding. Because operating costs and enrollment continue to increase, increased general state aid is necessary to maintain current levels of state support.
- increase minority participation and retention grants that provide the resources to recruit and retain minority students and assist them in the transition to the workplace or further postsecondary education opportunities.
- maintain state funding for mandated services for students with disabilities.

a. General State Aid

Historically, responsibility for funding the WTCS has been shared by the state, students and local taxpayers. The state has relied upon the tax-base equalizing, general aid formula to ensure that an adequate revenue base is available to fund technical education programs across the state, especially in regions with lower-than-average property valuations per FTE student. In recent years, with stagnant state support for the WTCS, the property tax has funded a disproportionate share of the System's budget. A request for a 5% annual increase in general state aid would maintain the state's current share of

support for the WTCS given expected increases in operating costs and enrollment growth.

The Committee discussed at length the critical importance of adequate general state aid funding. The sense of the Committee is that a general state aid request should be a high priority item because it is essential to maintaining WTCS flexibility, responsiveness and adaptability for students, business, industry and community partners. Attachment A provides a detailed description of this item.

b. Minority Participation and Retention Grants

State statutes establish minority participation and retention grants that WTCS colleges use to recruit minority students and to provide specialized services that increase minority student success. The state has provided no funding increases since this grant program was first funded in 1993-94, even though WTCS minority student enrollment increased almost 30% over the most recent five-year period. Instead, funding was reduced 4.5% in 2002-03 as part of mandated budget reductions. Increased funding of \$176,800 in FY 2005-06 and \$406,600 in FY 2006-07 is requested. These additional appropriations are needed to increase the number of WTCS minority students who benefit from recruitment, retention and transition services.

The Committee believes that enrollment growth and the potential for improving minority student success strongly warrants increased funding for these grants. Attachment B provides a detailed description of this item.

c. Services for Students with Disabilities

As public higher education institutions, federal law requires the WTCS and UWS to provide their students with disabilities the necessary support services to acquire knowledge, skills, and/or expertise commensurate with their level of ability. The state Division of Vocational Rehabilitation (DVR) is required to assist individuals with disabilities to successfully prepare for, secure, retain or regain employment. Historically, DVR has included WTCS and UWS courses and programs in individual DVR client rehabilitation plans and contributed to the cost of providing services for these individuals while enrolled at either WTCS or UWS institutions.

Beginning in 2005-06, DVR is discontinuing funding for mandated services for postsecondary students with disabilities. A cost-to-continue request of \$468,800 GPR annually would maintain 2004-05 funding levels for mandated services for students with disabilities attending WTCS colleges. Even with these funds, expected increases in annual enrollments of, or services needed by, WTCS students with disabilities will require college funding reallocations.

The Committee discussed the possibility of federal action to resolve the current uncertainty regarding funding responsibilities for postsecondary students with disabilities. Given that federal action is unlikely in the near future, the Committee concluded that a cost-to-continue request for state GPR funding was necessary. Attachment C provides a detailed description of this item.

d. Professional Development Seminar/Workshops

In addition to degree program courses and contracted training for specific employers, technical colleges are authorized to provide professional development seminars and workshops. State statutes currently prohibit technical colleges from charging professional development seminar or workshop fees that exceed the cost of providing the training. The ability to increase professional development seminar and workshop revenue above cost could create a new revenue source for the technical colleges.

The Committee discussed the need for the WTCS to clearly distinguish between professional development seminars and workshops, credit-granting program courses and other contract training services. Attachment D provides a detailed description of this item.

2. New Economic Development Initiatives

Wisconsin faces major challenges to maintain the highly productive workforce that has long been the basis of the state's prosperity. Two of these challenges include assisting the current workforce as it transitions from the old economy to the new and developing and sustaining the workforce Wisconsin needs to successfully compete in a knowledge-based economy. To meet these challenges, the Budget Development Committee is recommending that the WTCS request new general purpose revenue for two initiatives: a job training fund for employers and a competitive categorical grant targeted for advanced manufacturing and new technology education programs.

a. Flexible Job Training Fund for Business and Industry

Request \$5,000,000 GPR annually to fund free or discounted training to companies that create new high paying jobs or that need to introduce new technologies and work processes to retain workers in a competitive world economy.

b. Advanced Manufacturing and New Technology Training Grants

Request \$2,500,000 GPR annually to fund competitive grants to technical colleges to respond proactively to changing industry needs and technology improvements targeted to manufacturing and industrial occupations or other career and technical programming options that embrace new technologies.

The Committee discussed the need to address new technology education and training needs from two directions – assisting employers to access training and WTCS retooling manufacturing and technical programs. This two-pronged approach ensures that the WTCS both responds to current workplace needs, and initiates the use of new technology that will improve the competitive advantage of Wisconsin business and industry in the global economy. The Committee also discussed the importance of the WTCS Board's input in setting specific participation criteria for the job training fund. The Committee was in agreement that these criteria should ensure that job training fund dollars not supplant existing customized contract training. The Committee discussed at length the need to balance these requests for targeted categorical aid with the recommended general

state aid request. It was the sense of the Committee that both general state aid and categorical aid requests should be justified by demonstrating how these funds enable the WTCS to improve the quality of Wisconsin's future workforce, increase employee productivity and initiate the use of the new technology in the workplace. Attachment E provides a detailed description of these items.

3. Ensuring Continued Access to Higher Education

Student financial aid has long been considered an important tool for ensuring access to higher education. State financial aid for WTCS students is administered by the Higher Educational Aids Board (HEAB). WTCS students have the greatest unmet financial need of Wisconsin postsecondary students. State funding for WTCS student financial aid programs has not met the demand for aid in several years. To reduce students' financial burden and maximize access to career and technical education programs, the Budget Development Committee is recommending that the WTCS seek statutory language that ties WTCS WHEG funding to WTCS tuition increases and that the WTCS Board indicate its support to HEAB for budget requests that increase the WTCS Wisconsin Higher Education grant and Minority Undergraduate Retention grant appropriations.

- a. Wisconsin Higher Education Grant (WHEG) appropriation language**
Seek statutory language to reflect increases in tuition in the WTCS WHEG appropriation.
- b. Wisconsin Higher Education Grants**
Indicate support for an additional \$3.9 million over the biennium for WTCS WHEG in the HEAB 2005-07 biennial budget request.
- c. Minority Undergraduate Retention Grants**
Indicate support for an additional \$172,500 over the biennium for WTCS Minority Undergraduate Retention grants in the HEAB 2005-07 biennial budget request.

Given the disparity in unmet need among Wisconsin's postsecondary students and recent tuition increases, the Committee felt strongly that additional student financial aid was needed for WTCS students. The Committee's recommended requests should be viewed as the minimum increases necessary to address enrollment growth and student cost increases. Attachment F provides a detailed description of these items.

As shown in Table 2, the Budget Development Committee's recommended 2005-07 WTCS budget request items total \$34.5 million. In addition, the Committee recommends seeking increases to HEAB's student financial aid budget for WTCS students. The Budget Development Committee recognized that their recommendations represent a sizable request for new funding given the condition of the state's general fund. When compared to 2004-05 base funding level for state aids for the WTCS (\$137.4 million), the requested biennial increase of \$34.5 million seems considerable. However, the request should really be measured in the context of the state's general fund budget. State funding for the WTCS currently represents about 1.2% of the state's general fund budget (\$12 billion). The recommended 2005-07 request would raise that share by approximately 0.1 percentage points (1.3%) by the second year of the biennium.

Table 2
WTCS Budget Development Committee Recommendations
WTCS 2005-07 Budget Request Items

| | 2004-05 Base Year Funding | 2005-06 Request | 2006-07 Request | Biennial Increase over Base |
|--|--|----------------------------|----------------------------|--|
| STATE AIDS TO WTCS DISTRICTS* | \$137,366,300 | \$151,411,900 | \$157,841,700 | \$34,521,000 |
| Ensuring Continued Excellence | | | | |
| General Aid | \$118,415,000 | \$ 124,300,000 | \$130,500,000 | \$18,000,000 |
| Minority Student Participation and Retention | 589,200 | 766,000 | 995,800 | 583,400 |
| Services to Students w/ Disabilities | 0 | 468,800 | 468,800 | 937,600 |
| Sub-total | 118,989,200 | \$125,534,800 | \$131,964,600 | \$19,521,000 |
| New Economic Development Initiatives | | | | |
| Flexible Job Training | 0 | 5,000,000 | 5,000,000 | 10,000,000 |
| Advanced Manufacturing Grants | 0 | 2,500,000 | 2,500,000 | 5,000,000 |
| Sub-total | 0 | \$7,500,000 | \$7,500,000 | \$15,000,000 |
| Ensuring Continued Student Access (HEAB BUDGET ITEMS) | | | | |
| WHEG | \$14,874,000 | \$16,153,200 | \$17,542,400 | \$3,947,600 |
| Minority Undergraduate Retention | \$ 378,450 | \$ 433,300 | \$ 496,100 | \$ 172,600 |

*Includes all state aids to the WTCS (listed in Table 3). Existing state aids amounts are continued at 2004-05 base year funding levels unless noted as part of the WTCS Budget Development Committee's 2005-07 recommended requests.

TABLE 3
State Aids to WTCS Districts
2004-05 Base Funding

| | |
|--|----------------------|
| General Aids | \$118,415,000 |
| Categorical Aids* | |
| Incentive Grants | \$6,533,100 |
| Health Care Education Programs | 5,450,000 |
| Supplemental Aid – Interdistrict Tuition | 1,432,500 |
| Nicolet College Transfer Program | 1,073,700 |
| Displaced Homemaker Program | 813,400 |
| Faculty Development – Technology | 794,600 |
| Fire Services | 600,000 |
| Minority Participation and Retention | 589,200 |
| AODA Prevention/Intervention | 501,400 |
| Transition Services for the Disabled | 382,000 |
| Driver Education | 307,500 |
| Truck Driving Training Grants | 191,000 |
| Farm Training Tuition Grants | 143,200 |
| Apprenticeship Curriculum | 71,600 |
| Faculty Development – Job Training | 68,100 |
| Categorical Aids Subtotal | \$ 18,951,300 |
| Total State Aids 2004-05 Base | \$137,366,300 |

* Truck driving training aid funded through program revenues from an assessment on commercial truck violations is excluded because of limited collections. As of July 2004, less than \$4,000 in revenues has been collected.