

Fiscal Estimate Narratives

WTCS 4/30/2003

LRB Number	03-2121/1	Introduction Number	AB-236	Estimate Type	Original
Subject					
Limit salary of technical college director					

Assumptions Used in Arriving at Fiscal Estimate

1. Limited reductions to individual technical college district costs do not affect the State's GPR appropriation for WTCS general aids.
2. AB 236, if enacted, would limit WTCS district president salaries under new or renewed contracts to that of the Governor. Under the state compensation plan for constitutional officers, the Governor's salary is set at \$131,768.
3. In FY 2002-03, the salary of 7 of the 16 WTCS district presidents was less than \$131,768. The other 9 WTCS district president salaries exceeded the proposed \$131,768 per position limit by a total of \$199,653.
4. Under current law, WTCS district boards are responsible for recruiting and setting compensation for district presidents. WTCS district boards consider several factors in making president compensation decisions including the size and complexity of the district, market-driven compensation levels of applicants with the desired experience and qualifications to meet district mission, vision, and long-term objectives, and the district budget.
5. WTCS district presidents are typically recruited from the national pool of experienced higher education chief executive officers.

Long-Range Fiscal Implications

In the long-term, enactment of AB 236 would reduce 9 WTCS district president salaries below their current levels. Assuming no increase in the Governor's salary and no change in the presidents' 2002-03 salaries, the total salary savings would be \$199,653 annually.

At the same time, there are several long-term potential costs of enactment of AB 236. First, district recruitment costs are likely to rise significantly for two reasons: the salary reductions and caps would increase the number and frequency of district president openings; and prohibiting districts from matching market-driven compensation levels is likely to force WTCS districts to spend more time, energy, and cost recruiting candidates who are willing to accept positions compensated at a lower than market-rate.

Second, limitations on district presidential salaries will change the potential pool of candidates from which WTCS districts will be able to select their executive officers.