

Fiscal Estimate Narratives
WTCS 8/26/2005

LRB Number 05-3412/1	Introduction Number SB-279	Estimate Type Original
Subject Approval of collegiate transfer programs		

Assumptions Used in Arriving at Fiscal Estimate

1. If enacted, AB 595/SB 279 would require the WTCS Board to approve a liberal arts collegiate transfer program in the three technical college districts in which there is no University of Wisconsin two-year collegiate campus (UW Colleges). The three districts affected are Chippewa Valley (CVTC), Gateway (GTC), and Western Wisconsin (WWTC).
2. A liberal arts collegiate transfer program (LAT) is defined by the §. 38.01 Wis. Stats. to mean: a statewide, full-time program, designated and approved by the WTCS Board, in which the credits earned may be transferable to a 4-year institution of higher education. Unlike the other occupationally-focused associate degree programs offered by the technical colleges, WTCS LAT programs are intended to provide general academic preparation equivalent to the first two years of a four-year baccalaureate program in the liberal arts and sciences.
3. Currently, three of the state's 16 technical college districts are authorized to offer LAT programs: Madison Area, Milwaukee Area, and Nicolet Area technical college districts. These districts were authorized to offer LAT programs at the time the WTCS and the UW System were created in the early 1970s. At that time, Madison Area and Milwaukee Area Technical Colleges had long-established LAT programs; the LAT program at Nicolet Area Technical College was established because there was no other public institution of higher education in the district.
4. The 13 UW Colleges campuses offer similar two-year liberal arts programs physically located in 12 of the 16 technical college districts; UW Colleges also offer an online two-year liberal arts program available statewide. In addition, two-year liberal arts programming is available in some districts through collaborative arrangements between UW System and technical colleges.
5. Technical college districts have three major revenue sources: student program fees (tuition and fees), state aids, and property tax levies. In 2004-05, student program fees accounted for approximately 15.4%, state aid accounted for 18.2%, and property taxes accounted for 66.4% of WTCS major revenues.
6. By statute, the WTCS Board must set program fees (tuition) for postsecondary and vocational-adult programs to recover at least 14% of the statewide average operational costs of postsecondary and vocational-adult programs excluding LAT programs. Similarly, by statute, the WTCS Board is required to set program fees for the LAT programs to recover at least 31% of the statewide average operational costs of the LAT programs.
7. For the 2005-06 academic year, in-state students enrolled in technical college applied associate degree general education courses are charged program fees of \$80.50 per credit. For the 2005-06 academic year, in-state LAT students are charged program fees of \$109.10 per credit
8. Implementing an LAT program in the three districts affected by AB 595/SB 279 would require course curriculum modifications. The existing associate degree courses in general education currently available in the three districts are limited in number and specifically designed to support the districts' occupational programming. While these courses provide a theoretical framework in general education subjects such as communications, psychology, sociology, mathematics, and the sciences, the course material is typically cast in an applied context relevant to the students' occupational goals. In contrast, the courses offered through the existing WTCS liberal arts curriculum currently taught at Madison Area, Milwaukee Area, and Nicolet Area Technical Colleges are much greater in scope in terms of the number of advanced course offerings with a specific subject area, reflect a nationally used model for LAT programs, and are taught with a greater emphasis on the theoretical framework of

the subject and the general applicability of the material outside a specific occupational framework.

The three districts affected by AB 595/SB 279 would implement the approved WTCS liberal arts curriculum. Each district would incur one-time costs in adapting these course offerings to their college. The System Office typically budgets an average cost of \$1,000 per credit of offerings to cover the costs for instructors to prepare to teach a new course in a new setting. The number of courses offered at the colleges affected by AB 595/SB 279 may vary. Students in the smallest existing WTCS LAT program at Nicolet Area Technical College, for instance, chose from among total offerings of 174 courses. At a minimum, each of the three colleges would need to implement 64 credits of liberal arts course work to satisfy the minimum credit requirements for a WTCS Associate Degree in Liberal Studies. Costs to implement the curriculum would increase proportionately to the number of credits offered.

9. Establishing LAT programs could require each district to remodel, modify, or add to laboratory or classroom space and equipment needed depending on enrollment patterns.

10. To ensure compliance with Higher Learning Commission accreditation standards, the three affected technical colleges would be required to employ faculty to teach in the new LAT programs who have, at minimum, a master's degree. Typically, technical college instructors are required to have a baccalaureate degree.

11. The number of faculty currently employed by the three affected colleges who could be reassigned to teach LAT program courses instead of associate degree general education course work or the number of new faculty who the districts might need to hire is unknown.

12. The WTCS Board requires districts to survey district residents and others who may be affected to provide information about potential demand prior to taking action on district requests for approval to offer new postsecondary programs. These surveys are intended to provide the districts and the Board with information both about potential enrollments in the proposed programs and the potential demand in the labor force for program graduates. In the case of the expansion of LAT programming authorized by AB 595/SB 279, the System Office has no survey data on potential enrollments or demand for program enrollees or graduates.

13. In some cases, potential LAT students may already be attending the three affected colleges, enrolled in general education and associate degree occupational classes, with the intent to transfer to a four-year liberal arts program. In addition, the expanded availability of LAT programs would be likely to attract additional students to the three technical college districts.

14. In the absence of survey data, the WTC System Office has estimated the potential size of these new LAT programs based on the experience of the existing LAT programs at Madison Area, Milwaukee Area, and Nicolet Area Technical College Districts and current enrollments in the three districts affected by AB 595/SB 279. Based on this information, the WTCS estimates that between 2,900 to 4,300 Full Time Equivalent students (FTEs) would be served by LAT programs at CVTC, GTC, and WWTC. The lower estimate (2,900 FTEs) is based on the assumption that in the absence of LAT programs in the districts, all new LAT students would have otherwise enrolled in the three districts' occupationally-oriented associate degree programs. The higher estimate (4,300 FTEs) is based on the assumption that all LAT students represent new students to the WTCS who would not have enrolled in the WTCS in the absence of LAT programs in the three affected districts.

15. AB 595/SB 279 has no provision that alters or provides for a change in the total state aids received by all 16 technical college districts, but some shifts in state aids between the districts may be anticipated as relative net aidable costs are affected by new programming.

Long-Range Fiscal Implications

As proposed, AB 595/SB 279 would increase revenues and costs to the three affected districts, increase costs to technical college students, and potentially increase costs to local property taxpayers and reduce state aid revenue of the other 13 technical college districts.

If the three affected districts continued to enroll the same number of Full-Time Equivalent students (FTEs), but now served a proportion of these students in LAT programs who had been enrolled in associate degree general education course work, district revenues would increase in proportion to the number of students who would now be required to pay the higher tuition rate. Based on the assumption that about 2,900 FTEs would shift from

associate degree general education course work, the total additional amount of annual program fee revenue for the three districts would increase by about \$2,488,200 or 10% over the program fee revenue currently collected by these districts for postsecondary programs.

Alternatively, if the LAT program students enrolled in these districts would not otherwise have enrolled in the three districts, System Office estimates based on the experience of the three programs currently offering these programs indicated that the districts might enroll as many as 4,300 new FTEs in the new LAT programs. In this case, the annual program fee revenue would increase by about \$14,073,900 or 55% over the program fee revenue currently collected by these districts.

The program fee revenue increase to CVTC, GTC, and WWTC is likely to be between \$2,488,200 and \$14,073,900 because LAT students would represent a mix of existing associated degree students and students newly attracted to the WTCS because of the new LAT programs.

The three districts may also experience a decrease or increase in state aids to the extent that the new LAT programs attract additional students and result in increased revenues and operational costs to the three districts. The overall change in state aids to the three districts is indeterminate because state aids depend on unknown changes in the relative net aidable costs of all 16 districts.

Because AB 595/SB 279 makes no provision to increase the overall state aid appropriation, any additional operating costs not covered by program fee revenue and increased state aids would have to be borne by local property taxpayers. Although the amount of increased costs is unknown, it is reasonable to expect some increased costs will be borne by property tax payers in the three districts.

One-time costs associated with course development for a modest new LAT program consisting of 64 credits at each of the three districts would total, at a minimum, \$192,000. The course offerings available to students in these programs would be substantially limited compared to comparable programming at the three existing WTCS LAT programs. Over the longer-run (perhaps five years), as additional course offerings are added, additional one-time program start-up costs of \$1,000 per credit of course work could be expected. To implement an LAT program similar to the smallest existing WTCS LAT program (Nicolet Area Technical College) would cost approximately \$500,000 per WTCS district.

The three districts may have additional one-time costs associated with needed changes to the physical plant or equipment used to serve new LAT program students. Given the record high FTE enrollments in the technical colleges and existing capacity pressures, it would be reasonable to assume that any increase in overall enrollments in the three colleges would result in additional costs for physical plant and equipment.

To the extent that the three colleges would need to hire staff with a greater academic credentials or additional staff to serve additional students attracted to the new LAT programs, instructional staff costs will increase in the three districts.