

Fiscal Estimate - 2005 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 05-4229/2	Introduction Number SB-531
Description Establishing a levy limit for technical college districts	
Fiscal Effect	
State: <input checked="" type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Decrease Existing Revenues <input type="checkbox"/> Yes <input type="checkbox"/> No <input type="checkbox"/> Create New Appropriations <input type="checkbox"/> Decrease Costs	
Local: <input type="checkbox"/> No Local Government Costs <input checked="" type="checkbox"/> Indeterminate 1. <input type="checkbox"/> Increase Costs 3. <input type="checkbox"/> Increase Revenue 5. Types of Local Government Units Affected <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities 2. <input type="checkbox"/> Decrease Costs 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Counties <input type="checkbox"/> Others <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory <input type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts	
Fund Sources Affected Affected Ch. 20 Appropriations <input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	
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Date 2/10/2006	

Fiscal Estimate Narratives

WTCS 2/13/2006

LRB Number	05-4229/2	Introduction Number	SB-531	Estimate Type	Original
Description Establishing a levy limit for technical college districts					

Assumptions Used in Arriving at Fiscal Estimate

1. If enacted, 2005 SB 531 would essentially prohibit any WTC district from increasing its FY 2007 general operating levy for any future fiscal year without approval by a referendum. However, 2006 SB 531 would not impose a levy limit on debt service on debts incurred by the district.
2. WTC districts rely on multiple funding sources to support their operations.
3. WTCS Board is committed to providing the maximum number of educational opportunities and maintaining the WTCS responsibility for educating and training the state workforce by using enrollment caps as a financial management tool of last resort.
4. WTCS resident tuition funds approximately 17.3% of postsecondary/vocational adult course costs and 35.2% of liberal arts transfer course costs.
5. WTCS FTE enrollments increased nearly 18% between 1999-00 and 2004-05 fiscal years.
6. WTC districts estimate FTE enrollments will remain stable in 2006-07, but enrollments typically are a function of economic conditions in the state and downturns in the state's economy historically have been accompanied by strong growth in FTE enrollments.
7. Any enrollment increases are likely to increase WTC district operating costs.
8. WTC districts have contractual obligations for services (such as utilities, insurance, healthcare) that will require expenditure increases in 2006-07 and 2007-08.
9. There are approximately 8,000 students on waiting lists for WTCS programs in such high need areas as nursing, surgical technology, protective services, dental hygiene and electric power distribution.
10. Distributions of state aids to WTC districts are based, in part, on district expenditures.
11. The WTCS expects reductions in federal revenues to WTC districts in the 2007-09 biennium. Such reductions should be considered in determining the fiscal effect of an expenditure cap such as the one proposed in 2005 SB 531.

Long-Range Fiscal Implications

If enacted, 2005 SB 531 would cap WTC district revenues from property taxes in 2007-08 and future years at 2006-07 levels, excluding debt service on debt except when the WTC district gained voter approval for a levy increase through a referendum.

Given that the WTCS Board views enrollment caps as a fiscal management tool of last resort, and since SB 531 would bar WTC districts from increasing property tax revenue over the biennium to cover increased costs from rising enrollments and fixed costs (see assumptions), WTC districts would have to reduce spending in other areas to cover these costs. Since a levy cap is the equivalent of zero revenue growth, further eliminations or reductions in WTCS programs and staff levels would be needed if SB 531 were enacted. As a result, waiting lists for high demand, high skill, and typically-highest cost programs, are likely to increase in size and average duration.

WTC districts may also have to decline or not pursue outside funding from private entities or the federal government if SB 531 were enacted. Because these funds typically must be spent within specified time ranges and used for specific purposes, WTC districts could not use these dollars to support on-going college operations. To stay within the 2006-07 levy levels, WTC districts would be unlikely to initiate new projects, the funding of which would have to be offset by further reductions in current activities and staffing.

To maintain spending at 2006-07 levels, despite an expected reduction in federal and possibly state support (See assumption #11.), WTC districts will have to seek State Board authority to increase tuition and fees.