

1999 DRAFTING REQUEST

Assembly Amendment (AA-AB133)

Received: **04/21/99**

Received By: **grantpr**

Wanted: **As time permits**

Identical to LRB:

For: **Legislative Fiscal Bureau 6-5996**

By/Representing: **Larsen**

This file may be shown to any legislator: **NO**

Drafter: **grantpr**

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Subject: **Higher Education - tech. college**

Extra Copies:

Pre Topic:

LFB:.....Larsen -

Topic:

Eliminate grant for printing program

Instructions:

See Attached

Drafting History:

<u>Vers.</u>	<u>Drafted</u>	<u>Reviewed</u>	<u>Typed</u>	<u>Proofed</u>	<u>Submitted</u>	<u>Jacketed</u>	<u>Required</u>
/?	grantpr 04/23/99	ygeller 04/23/99		_____			
/1			martykr 04/27/99	_____	lrb_docadmin 04/27/99		

FE Sent For:

<END>

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1/?	grantpr	1 4/23 jlg	Km 4/26	JL 4/26			

FE Sent For:

<END>

**Legislative Fiscal Bureau**

One East Main, Suite 301 • Madison, WI 53703 • (608) 266-3847 • Fax: (608) 267-6873

April 20, 1999

Joint Committee on Finance

Paper #1046

Waukesha County Technical College Printing Program Grant (WTCS)

[LFB 1999-01 Budget Summary: Page 654, #2]

CURRENT LAW

Of the \$766.9 million in total revenues received by Wisconsin Technical College System (WTCS) districts in 1997-98, almost half (48.4%) was from property taxes. The remaining \$395.8 million consisted of state aid (16.5%), tuition and fees (12.6%), federal aid (7.2%) and self-financing operations and miscellaneous revenues (15.3%). State aid is provided to WTCS districts either in the form of unrestricted general aids or through categorical aids which support specific programs or services. In 1998-99, \$113.5 million is appropriated for state general aids and \$15.1 million is appropriated for various categorical aid programs.

GOVERNOR

Provide \$250,000 GPR in each year of the 1999-01 biennium in a new, annual appropriation for a grant to the Waukesha County Technical College District Board for the development of its printing program. According to Executive Budget documents, the program would be coordinated with existing youth apprenticeship programs in printing and the baccalaureate degree program in graphic communications management at the University of Wisconsin-Stout. No funding could be encumbered from this appropriation after the 2000-01 fiscal year.

DISCUSSION POINTS

1. Since the fall semester of 1997, Waukesha County Technical College (WCTC) has offered an associate degree program in printing and publishing. The program was initially developed at the request of local printing companies, the Printing Industries of Wisconsin and Waukesha County high schools with printing programs. Because the district did not have the

facilities or equipment necessary for such a program, an arrangement was made with Hamilton High School in Sussex for WCTC students to use its printing labs and equipment during the late afternoon hours, evenings and weekends. The district also plans to offer a one-year technical diploma in printing and continuing education courses in printing. However, due to space limitations, WCTC currently offers only the two-year associate degree and an advanced technical certificate in desktop publishing, classes for which are held in a building on the campus.

2. WCTC has proposed construction of a 50,300 square foot printing technology building located at the district's Pewaukee campus at a cost of \$5.4 million. In addition to the printing and desktop publishing programs, current plans call for the building to house the district's associate degree architectural drafting/construction technology program as well as continuing education courses in construction. The facilities plan received preliminary approval at the State WTCS Board meeting on January 27, 1999, and was approved by the district's voters in a referendum held on April 6, 1999. The district intends to request final approval from the State Board in September, 1999, and if approved, to complete construction of the new facility by December, 2000. WCTC staff have indicated that the funds provided in the bill would be used to purchase equipment for the district's proposed new printing facility. The total cost for printing equipment and furniture for the facility is estimated at approximately \$2.7 million.

3. WCTC's program is intended to dovetail with youth apprenticeship programs in the Waukesha area and with UW-Stout's bachelor's degree program in graphic communications management (GCM) to form a "2+2+2" program. These programs allow a high school pupil to complete a two-year apprenticeship, then go on to a two-year associate degree program and finally complete a bachelor's degree program in two, rather than four years. According to the Department of Workforce Development (DWD), 23 printing firms in Waukesha County participate in youth apprenticeship programs. In December, 1997, UW-Stout and WCTC signed a transfer articulation agreement which allows a student who has completed the WCTC printing and publishing program to transfer to Stout's GCM program. The transfer agreement is intended to encourage Waukesha County students who would not normally consider entering in an associate degree program, to enroll at WCTC with the intention of eventually obtaining a bachelor's degree. Because students would have the flexibility to continue their education or enter the workforce after completing the apprenticeship or the associate degree, the aim is to increase the number of students completing printing programs at all stages in order to meet the demand for workers of varying skill levels.

4. According to UW-Stout staff, the campus currently offers a bachelor's degree in industrial technology to students who have completed associate degree programs at certain WTCS campuses. WTCS students can meet all of the requirements for the degree without physically attending UW-Stout. A student participating in the program takes 32 credits in UW-Stout "professional block" courses offered through distance education over a period of three and one-half years and an additional 52 credits in general education courses that may be provided by the technical college or another institution in the student's area. The program was first offered at Milwaukee Area Technical College where 59 students have completed the UW-Stout courses. Of these students, three have obtained their bachelor's degrees and the remaining students are in the process of fulfilling the general education requirements. UW-Stout began offering the program to

WTCS students at Western, Fox Valley and Northcentral technical colleges in the fall semester of 1998 and to students at Madison and WCTC in the spring semester of 1999. In the future, UW-Stout plans to replace the current program with a degree in industrial management with a concentration in printing and publishing. However, this program has not yet been approved by the Board of Regents.

5. The rapid growth experienced by the printing and publishing industry has resulted in a shortage of qualified employees. Information provided by Printing Industries of Wisconsin (PIW) indicates that, as of June, 1997, a total of 1,513 printing firms were located in Wisconsin and employed 54,195 individuals. In its most recent labor market analysis, DWD indicates that employment in printing and publishing in Wisconsin grew at an annual rate of 3.5% between 1982 and 1996. DWD projects that the industry will create 6,260 new jobs between 1996 and 2006, an increase of 11.8%.

6. Approximately 30% of Wisconsin's printing firms and 33% of printing employees are located in Milwaukee and Waukesha Counties. There are approximately 295 firms with 9,072 employees in Milwaukee County and 165 firms with 8,700 employees in Waukesha County. In order to ascertain the level of demand for printing employees locally, PIW conducted a survey of 33 of the 166 printing firms in Waukesha County. The survey found that these firms currently have a total of 87 jobs available, of which 41 require a skilled employee. Over the next five years, the 33 firms expect to generate 486 new jobs. However, 291 (60%) of these positions are expected to be entry level positions.

7. WCTC staff estimate that the proposed facility will allow the district to increase enrollment in its associate degree printing and publishing program from 75 to 165 full-time and part-time students and its advanced technical certificate desktop publishing program from 59 to 120 students by 2000-01. In addition, WCTC expects to enroll 560 students (39 FTE students) in continuing education courses related to printing by 2000-01, and 28 students in a technical diploma program in printing by 2001-02.

8. Nine other WTCS districts currently offer associate degree programs or technical diploma programs in printing or fields that involve printing, such as commercial art and graphic communications. Western, Madison, Milwaukee, Fox Valley and Northcentral technical college districts offer associate degree programs that are similar to WCTC's program. In 1997-98, a total of 1,380 students (headcount) were enrolled in these programs and an additional 1,732 students took one or more courses in the programs, but were not officially enrolled as degree or diploma seeking students. Statewide, 313 technical college students graduated with a degree or technical diploma in the area of printing in 1997-98. Since 1997-98 was the first year of WCTC's program, none of the graduates were from WCTC.

9. Fox Valley Technical College is also expanding its printing programs. The District is currently constructing a 33,100 square foot addition to an existing campus building on the Appleton campus for a new graphic arts center at a cost of approximately \$4.3 million. The addition, which will house the district's programs in printing and publishing, flexography printing,

and pulp and paper chemical technology, was approved by the district's voters in an April, 1998, referendum and by the State Board in July, 1998.

10. There is widespread agreement that printing firms are currently facing a shortage of employees which, due to the rapid growth of the industry, is expected to worsen in the future. However, there is some debate as to the skill levels and qualifications of the needed employees. Specifically, it is argued that most of the job openings in the printing industry are entry level positions which require only a high school diploma, an apprenticeship or other short-term training, and pay a relatively low wage of \$7.00 per hour on average. Since this is not the type of position that would typically attract a technical college graduate, one could argue that expansion of WCTC's program will not help to fill a majority of the available jobs. In 1998, Western Wisconsin Technical College in La Crosse suspended its one year technical diploma in printing due to low enrollment.

11. Western is currently conducting an evaluation of printing and printing-related programs offered in WTCS districts statewide. The goals of the project, which was funded through a \$45,500 grant from the State WTCS Board and \$15,200 in matching funds from Western, are to determine: the specific types of training being provided and propose standard program titles; the technology and methods used in each district; and how well the programs and courses currently being offered are meeting the needs of students and the industry. The results of the study may indicate how WTCS districts could improve, modify or expand programs to better serve the industry throughout the state and Midwest region. While the final report on the study is not expected until August, 1999, preliminary information from the districts involved would appear to support the argument that the expansion of programs for which there is significant student demand will not necessarily solve the current employment shortages facing the industry. Western staff indicate that the programs that offer training for positions in the area of print production, which require less skill and training and pay a relatively low salary, are having the most difficulty attracting students.

12. While other WTCS districts have expressed concerns regarding the proposed state funding, the expansion of WCTC's program is likely to have greatest impact on the Milwaukee Area Technical College (MATC), Milwaukee residents and printing firms located in Milwaukee. Issues that have been raised include the following:

- According to the President of MATC, approximately one-quarter of the students enrolled in MATC's printing program are from Waukesha County. As such, expansion of WCTC's program could result in a significant decline in enrollment in MATC's program, which is already below capacity.

- DOA has indicated that expansion of WCTC's program will increase job opportunities for Milwaukee area residents. However, a lack of transportation may prevent those residents who most need training from traveling to Waukesha to receive it.

- Printing firms located in Milwaukee may be at a disadvantage when competing with Waukesha firms for scarce employees. The average weekly pay, for employees at all skill levels at

Milwaukee firms is approximately 14% below that of Waukesha County firms.

13. Given the number of other WTCS districts offering printing programs and the statewide nature of the recruitment issues currently faced by the printing industry, one could argue that a statewide, rather than local, approach to address these issues may be warranted. In addition, the results of Western's evaluation of WTCS printing programs may provide some guidance as to how the needs of all Wisconsin students and printing firms would be best served. In that case, the Governor's proposal could be modified to allow the WTCS Board to distribute the funding to districts or consortia of districts for the improvement or expansion of existing printing programs based on proposals submitted to the Board. This option would allow all districts that currently offer printing programs to compete for the funds and would allow the State Board to target the monies to areas with the highest need or the best prospects for meeting industry demand.

14. Typically, the additional costs to implement or expand a technical college program are funded by the district either through unrestricted general aid, state incentive grants, internal reallocations or the property tax. State funding is not usually earmarked for a specific program on a particular campus. Further, one could argue that Waukesha is in a better financial position to support such costs than most WTCS districts. For 1998-99, WCTC's equalized value per FTE student is approximately \$7.7 million, the second highest of the 16 WTCS districts and more than one and one-half times the statewide average. In comparison, MATC's equalized value per FTE student is \$3.5 million, or approximately 81% of the statewide average. Another measure of a district's fiscal capacity is its mill rate. Under current law, property taxes levied by each WTCS district for all purposes except debt service are limited to \$1.50 per \$1,000 (or 1.5 mills) of the district's equalized property valuation. Essentially, these districts must rely on the growth in equalized property values to provide any increases in revenues. In 1998-99, three districts (Southwest, Western and Milwaukee) are at the 1.5 mill limit. At 1.18 mills, WCTC's operational mill rate is the lowest of the 16 districts.

15. WCTC staff have stated that the college has made a commitment to the printing industry to expand and improve its training program and plans to do so regardless of whether the Governor's recommendation is approved. District staff indicate that if the proposed funding is not provided, the property tax levy would have to be increased by a corresponding amount. Based on WCTC's 1998-99 levy, additional costs of \$250,000 would have resulted in a 0.83% increase in the levy, or 1 cent per \$1,000 of equalized value.

16. The largest WTCS categorical aid program is the incentive grants program, under which \$7,888,100 GPR annually is provided for grants to districts in five categories. Under current law, "new and emerging occupations" incentive grants are provided to districts for the creation or expansion of programs: (a) which address the need to train emerging skills, skills resulting from occupational or technological change or skills in occupations experiencing substantial growth; (b) for which there is significant projected long-term growth; and (c) that comply with state program priorities and plans for coordinating the efficient and cost-effective delivery of services. New and emerging occupations grants may also be awarded for the purchase of high-cost instructional equipment necessary to develop or improve new or expanding occupational training programs.

which meet the same criteria under (a), (b) and (c), above. Fox Valley Technical College received a total of \$127,900 over the last two years to expand and modify its printing programs. Given the projected employment growth and the rapidly changing technology in the printing industry, it would seem that the expansion of WCTC's printing program would be well suited for this type of grant.

ALTERNATIVES TO BASE

[Signature] Approve the Governor's recommendation to provide \$250,000 in each year of the 1999-01 biennium in a new, annual appropriation for a grant to WCTC for the development of its printing program. The funding would sunset on June 30, 2001.

Alternative 1	GPR
1999-01 FUNDING (Change to Base) (Change to Bill)	\$500,000 \$0

2. Modify the Governor's recommendation by specifying that the funds would be distributed by the State WTCS Board on a competitive basis to WTCS districts or consortia of districts which currently offer printing or printing-related programs for the improvement or expansion of those programs.

Alternative 2	GPR
1999-01 FUNDING (Change to Base) (Change to Bill)	\$500,000 \$0

Burke Decker
Passed ↑
3.

Maintain current law.

Alternative 3	GPR
1999-01 FUNDING (Change to Base) (Change to Bill)	\$0 -\$500,000

Duff
Porter/Gard (and)

- Alt 1*
- Moore
 - Burke Y
 - Decker Y
 - Jauch Y
 - Moore Y
 - Plache Y
 - Wink
 - Cowles
 - Panzer
 - Gard
 - Porter
 - Kaufert
 - Albers
 - Duff
 - Ward
 - Huber
 - Riley

Shir

Prepared by: Merry Larsen

Failed

1999

Date (time) needed SOON

LRB b 0181, 1

**LFB BUDGET AMENDMENT
[ONLY FOR LFB]**

PG : jlq :

See form **AMENDMENTS — COMPONENTS & ITEMS.**

**LFB AMENDMENT
TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45**

>>FOR JT. FIN. SUB. — NOT FOR INTRODUCTION<<

At the locations indicated, amend the bill as follows:

#. Page ⁴⁰⁰....., line ²⁵.....: *delete this delete that line. ✓*

#. Page ⁴⁰¹....., line ¹.....: *delete lines 1 to 4.*

#. Page ¹⁴²¹....., line ⁹.....: *delete lines 9 to 13. ✓*

(End) ✓

#. Page, line

#. Page, line

#. Page, line



State of Wisconsin
1999 - 2000 LEGISLATURE

LRBb0181/1
PG;jlg:km

LFB:.....Larsen - Eliminate grant for printing program

FOR 1999-01 BUDGET — NOT READY FOR INTRODUCTION

LFB AMENDMENT

TO 1999 ASSEMBLY BILL 133 AND 1999 SENATE BILL 45

1 At the locations indicated, amend the bill as follows:

2 **1.** Page 400, line 25: delete that line.

3 **2.** Page 401, line 1: delete lines 1 to 4.

4 **3.** Page 1421, line 9: delete lines 9 to 13.

5 (END)