



## Legislative Fiscal Bureau

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May 16, 2001

Joint Committee on Finance

Paper #1010

### Technical and Occupational Program Grants (WTCS)

[LFB 2001-03 Budget Summary: Page 713, #3]

#### CURRENT LAW

The technical and occupational program (TOP) grant was established in 1999 Act 9 to provide \$500 annual tuition grants to recent high school graduates attending a technical college district. To be eligible for a TOP grant, a student must be enrolled in an associate degree or vocational diploma program as a first-year student and on a full-time basis. In addition, they must enroll in a technical college within three years of graduating from a Wisconsin high school and maintain a 2.0 GPA while in technical college. Students who meet these requirements are entitled to a \$500 annual grant for up to two years to defray a portion of the costs of tuition and fees.

In 2000-01, base funding of \$6,600,000 GPR is provided in a sum certain appropriation.

#### GOVERNOR

Provide \$400,000 GPR in 2001-02 and \$1,500,000 GPR in 2002-03 to fund anticipated increases in the number of eligible students for TOP grants.

#### DISCUSSION POINTS

1. The technical and occupational grant program was not requested by WTCS in its 1999-01 budget submission, nor was it included in the Governor's 1999-01 budget, the budget of the Joint Committee on Finance, the budget that was adopted by the Assembly or that of the Senate. The program was first advanced during deliberations of the 1999-01 budget Conference Committee and enacted into law as part of the 1999-01 budget act.

2. The TOP grant was implemented by WTCS and first became available to students in 2000-01. Based on current estimates from the technical college districts, approximately 6,500 students received TOP grants during the fall semester and 5,200 students will receive the grant during the spring semester, for a total of 11,700 semester grants during the 2000-01 academic year. At \$250 per semester grant, approximately \$2,925,000 in TOP grants will be awarded to first-year students in 2000-01.

3. The success of the program in attracting and retaining students for the technical college districts is not yet known. According to WTCS, in its first year the program was not heavily promoted early in the recruitment process due to delays in passage of the 1999-01 budget. As a result, the participation level was lower than anticipated. However, WTCS district recruiters and counselors anticipate that the program will be effective in recruiting recent high school graduates and increasing the number of these students taking classes full-time.

4. The Governor's budget would provide an additional \$400,000 GPR in 2001-02 and \$1,500,000 GPR in 2002-03 to fund TOP grants for 14,000 students in 2001-02 and 17,000 students in 2002-03. The proposed funding level assumes that the current TOP grant recipients would continue to receive grants for a second year and that an additional 8,000 incoming students would be eligible for TOP grants. WTCS expects the number of TOP grant recipients to increase as current students become eligible for a second year TOP grant and as awareness of the program grows among recent high school graduates.

5. Since TOP grants have only been available to students for one year, there is uncertainty regarding the total number of students that would be eligible for the grants during the 2001-03 biennium. Between the fall semester and spring semester, the number of program participants fell by approximately 1,300 students, a 20% decline. According to WTCS staff, the decline was largely a result of students leaving the technical college system or no longer meeting the program requirements.

6. Based on current participation, funding of \$6,600,000 in 2001-02 and \$7,500,000 in 2002-03 should be sufficient for TOP grant awards, which would represent a reduction of \$400,000 in 2001-02 and \$600,000 in 2002-03 from the bill. The reduced funding would fund grants for an estimated 13,200 students (5,200 continuing and 8,000 new) in 2001-02 and an estimated 15,000 students (7,000 continuing and 8,000 new) in 2002-03. One option to ensure that the program is fully funded, even if demand would exceed these projections, would be to modify the program's appropriation to be a sum sufficient, rather than a sum certain appropriation as under current law. This would allow all students to receive full payment of the grant, regardless of the actual level of demand.

7. It could be argued that the TOP grant program is inequitable in that it only provides funding for full-time, recent high school graduates regardless of financial need. Most technical college students are part-time, nontraditional students; TOP grants do not benefit this population of students. Currently, the largest portion of state aid available to all technical college students is the need-based Wisconsin higher education grants (WHEG) administered by the Wisconsin Higher

Education Aids Board (HEAB). In 1999-00, 15,173 WTCS students or approximately 19% of resident undergraduate technical college students enrolled at least half-time received WHEG grants; the average grant was \$748. The Governor's budget would not provide any increase in funding during the 2001-03 biennium for the WHEG grant program; funding would remain at \$13,201,900 annually. Additional funding for the WHEG program would increase the average grant award for students with financial need and for a broader student population than the TOP grants.

8. Another criticism of the TOP grant program is that it creates additional demand on technical college programs at a time when many districts have waiting lists for popular programs due to limited resources available for program expansion and development. Waiting lists currently are most common in information technology, health care and apprenticeship programs. Currently, \$2.2 million GPR of annual funding is specifically available for grants to technical college districts for additional course sections in areas of high demand. According to WTCS, districts requested more than \$6 million to fund additional courses in 2000-01.

9. If funding for the TOP grants were eliminated or phased out during the 2001-03 biennium, more funds would be available for need-based grants to students or grants to districts for additional courses. Immediately eliminating the program would reduce proposed spending in the Governor's budget by \$7,000,000 in 2001-02 and \$8,100,000 in 2002-03. However, this would involve denying grants to students who enrolled last year with the expectation that a second year of grants would be funded, as well as first year students that will apply for 2001-02 before the budget bill is enacted. If, instead, the program were closed to new students beginning in 2002-03, funding could be reduced by an estimated \$4,600,000 GPR in 2002-03. Phasing out the program recognizes that the WTCS districts, through admissions and financial aid allocations for 2001-02, have committed to continuing the TOP grant program for new and continuing students. Under this option, both first and second year students would remain eligible in 2001-02. In 2002-03, continuing second year students would continue to receive grants while no new students would be eligible. Beginning in 2003-04, the program would be eliminated.

10. Similarly, limiting the TOP grant program to just first year students would reduce spending by an estimated \$4,100,000 GPR in 2002-03. This option would grandfather continuing students during the 2001-02 academic year, but new students would no longer be eligible for grants during their second year. This option would continue the TOP grant program as a tool in recruiting students to the technical college districts shortly after graduation from high school.

## ALTERNATIVES

1. *Approve Governor's Recommendation.* Approve the Governor's recommendation to provide \$400,000 GPR in 2001-02 and \$1,500,000 GPR in 2002-03 to fund anticipated increases in the number of eligible students for TOP grants.

2. *Reestimate Program Demand.* Modify the Governor's recommendation by reducing funding by \$400,000 in 2001-02 and \$600,000 in 2002-03, to reflect lower projections of

participation in the program.

<b>Alternative 2</b>	<b>GPR</b>
2001-03 FUNDING (Change to Bill)	- \$1,000,000

3. *Eliminate Program After 2000-01.* Modify the Governor's recommendation by eliminating the TOP grants program immediately. Delete \$7,000,000 in 2001-02 and \$8,100,000 in 2002-03.

<b>Alternative 3</b>	<b>GPR</b>
2001-03 FUNDING (Change to Bill)	- \$15,100,000

4. *Phase-Out Program After 2001-02.* Modify the Governor's recommendation by specifying that the TOP grants program would be closed to new grant recipients beginning in 2002-03 and would be eliminated on June 30, 2003. Reduce funding by \$400,000 in 2001-02 to reflect lower projections of participation in the program in that year. Reduce funding by \$4,600,000 in 2002-03, because only second year students continuing from 2001-02 would receive grants in 2002-03. Under this alternative only continuing students would receive funding in 2002-03 and the program would be eliminated at the end of that year.

<b>Alternative 4</b>	<b>GPR</b>
2001-03 FUNDING (Change to Bill)	- \$5,000,000

5. *Limit Eligibility to One Year of Grants.* Modify Governor's recommendation by limiting the award under TOP grants to one year rather than two beginning in 2001-02. Reduce funding by \$400,000 in 2001-02 to reflect lower projections of participation in the program in that year. Reduce funding by \$4,100,000 in 2002-03, because only first-year students would receive grants in 2002-03. Under this alternative, the program would be restructured to offer only one year of TOP grants, beginning with students who first participate in the program in 2001-02.

<b>Alternative 5</b>	<b>GPR</b>
2001-03 FUNDING (Change to Bill)	- \$4,500,000

6. *Maintain Current Law.* Continue program funding at its base level of \$6,600,000 annually, which would reduce funding by \$400,000 in 2001-02 and \$1,500,000 in 2002-03 from the bill.

<b>Alternative 6</b>	<b>GPR</b>
2001-03 FUNDING (Change to Bill)	- \$1,900,000

7. *Sum Sufficient Appropriation.* Modify any of the above alternatives, where relevant, to specify that the appropriation for the WTCS TOP grants would be sum sufficient.

8. *Transfer Funding to WHEG-TCS.* Modify alternatives two through six to redirect the reduced funding amount for TOP to the Higher Educational Aids Board appropriation for WHEG-TCS grants in order to increase total funding for need based grants for technical college students. Divide the available funding amounts between 2001-02 and 2002-03 to generate equal annual percentage increases over prior year funding in the WHEG-TCS appropriation.

Prepared by: John Stott

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
<del>SHIBLICKI</del>	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_

WISCONSIN TECHNICAL COLLEGE SYSTEM

TOP Grants -- First Year Only in 2001-02 and Reallocate \$4.3 Million

[LFB Paper #1010]

Motion:

Move to limit the technical and occupational program (TOP) grant to just first year students effective July 1, 2001. Second year students eligible for TOP grants during the 2001-02 academic year would be grandfathered to receive the second year grants.

Modify TOP grants by allowing students under the age of 23 with GED certificate to be eligible for the TOP grant effective July 1, 2002.

Delete \$400,000 GPR in 2001-02 and \$3,900,000 GPR in 2002-03 from the technical and occupational program grant appropriation.

Increase the additional course section grants funding by \$650,000 GPR annually.

Provide \$500,000 GPR in 2002-03 in a new, annual appropriation for grants to improve access to assistive technology by WTCS students and workers with disabilities.

Provide \$500,000 GPR in 2002-03 for the Wisconsin higher education grant program (WHEG) for Wisconsin Technical College System (WTCS) students.

Provide \$1,000,000 GPR in 2001-02 and \$1,000,000 GPR in 2002-03 for the incentive grant program and specify that the WTCS Board allocate those amounts as grants to districts with limited fiscal capacity.

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Note:

This motion would limit the TOP grant program to just first year students starting in 2001-02 and grandfather continuing students eligible for the TOP grant during 2001-02. Starting 2002-03, students under the age of 23 with a GED would be eligible for the TOP grant. The motion would reduce funding for the TOP grants by \$400,000 GPR to \$6,600,000 in 2001-02 to reflect projections of participation in the program in that year, and by \$3,900,000 GPR to \$4,200,000 in

2002-03. The motion would increase funding for additional course section grants \$650,000 GPR annually from base funding of \$2,200,000. In addition, the motion would provide \$500,000 in a new, annual appropriation for grants to improve access to assistive technology by WTCS students and workers with disabilities starting in 2002-03. The motion would also provide \$1,000,000 GPR annually in incentive grant funding to districts that are currently at the 1.5 mill rate maximum, base funding for incentive grants is currently \$7,888,100.

Finally, this motion would provide an additional \$600,000 GPR in 2002-03 for the WHEG program for WTCS students over the 2001-02 level of \$13,201,900. The additional funding would represent an annual increase of 4.5% in 2002-03.

[Change to Bill: None]

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A
AYE	8	NO 8	ABS

WISCONSIN TECHNICAL COLLEGE SYSTEM

Technical and Occupational Program Grants Elimination in 2002-03  
[LFB Paper #1010]

Motion:

Move to eliminate the technical and occupational program (TOP) grant effective July 1, 2002.

Delete \$400,000 GPR in 2001-02 and \$8,100,000 GPR in 2002-03 from the technical and occupational program grant appropriation.

Eliminate the capacity grant program effective July 1, 2001, and delete \$3,000,000 GPR in 2001-02 and \$2,000,000 GPR in 2002-03.

Increase the additional course section grants funding by \$500,000 GPR annually.

Provide \$1,184,200 GPR in 2001-02 and \$2,380,200 GPR in 2002-03 for WTCS general aids.

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Note:

This motion would eliminate the TOP grant program effective July 1, 2002. The motion would reduce funding for the TOP grants by \$400,000 GPR in 2001-02 to reflect a reestimate of program demand and by \$8,100,000 GPR in 2002-03, completely eliminating program funding in 2002-03. The capacity grant program would be eliminated in 2001-02 and \$3,000,000 GPR in 2001-02 and \$2,000,000 GPR in 2002-03 would be deleted. The motion would increase funding for additional course section grants by \$500,000 GPR annually, from base funding of \$2,200,000. In addition, the motion would provide 1% annual increases for WTCS general aids, from base funding of \$118,415,000.

[Change to Bill: -\$8,935,600 GPR]

MO#

BURKE	Y	<input checked="" type="radio"/> N	A
DECKER	Y	<input checked="" type="radio"/> N	A
MOORE	Y	<input checked="" type="radio"/> N	A
<del>SHIBILSKI</del>	Y	<input checked="" type="radio"/> N	A
PLACHE	Y	<input checked="" type="radio"/> N	A
WIRCH	Y	<input checked="" type="radio"/> N	A
DARLING	<input checked="" type="radio"/> Y	N	A
WELCH	<input checked="" type="radio"/> Y	N	A
GARD	<input checked="" type="radio"/> Y	N	A
KAUFERT	<input checked="" type="radio"/> Y	N	A
ALBERS	<input checked="" type="radio"/> Y	N	A
DUFF	<input checked="" type="radio"/> Y	N	A
WARD	<input checked="" type="radio"/> Y	N	A
HUEBSCH	<input checked="" type="radio"/> Y	N	A
HUBER	Y	<input checked="" type="radio"/> N	A
COGGS	Y	<input checked="" type="radio"/> N	A

AYE  NO  ABS

WISCONSIN TECHNICAL COLLEGE SYSTEM BOARD

Eliminate TOP Program and Provide WHEG and TG Program 3.7% Increase in 2002-03

[LFB Paper #1010]

Motion:

Move to eliminate the technical and occupational program (TOP) grant effective July 1, 2002.

Delete \$400,000 GPR in 2001-02 and \$8,100,000 GPR in 2002-03 from the technical and occupational program grant appropriation.

Provide \$711,400 GPR in 2002-03 for WHEG-UW, \$496,800 GPR in 2002-03 for WHEG-TCS and \$791,800 GPR in 2002-03 for TG.

[Change to Bill: -\$6,500,000 GPR]

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

WISCONSIN TECHNICAL COLLEGE SYSTEM

Technical and Occupational Program Grants Elimination in 2002-03

[LFB Paper #1010]

Motion:

Move to eliminate the technical and occupational program (TOP) grant effective July 1, 2002.

Delete \$400,000 GPR in 2001-02 and \$8,100,000 GPR in 2002-03 from the technical and occupational program grant appropriation.

Provide \$750,000 GPR annually for the incentive grant program and specify that the WTCS Board allocate those amounts as grants to districts with limited fiscal capacity.

Increase the additional course section grants funding by \$750,000 GPR annually.

[Change to Bill: -\$5,500,000 GPR]

MO#			
BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A
AYE	8	NO	8
		ABS	

WISCONSIN TECHNICAL COLLEGE SYSTEM

Technical and Occupational Program Grants -- ~~GEDs with \$400,000~~

[LFB Paper #1010]

Motion:

Move to allow students who receive a certificate of general educational development (GED) from the state superintendent of public instructions to be eligible, starting July 1, 2001, to receive a technical and occupational program grant within three years from the date of receipt of the GED.

~~Provide an additional \$200,000 GPR annually to fund TOP grants.~~

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Note:

This motion would make students with a GED eligible to receive a TOP grant within three years from the date of receipt of the GED and provide an additional \$200,000 annually in order to fund additional student demand for TOP grants. According to WTCS staff, approximately 400 additional students would become eligible for annual TOP grants of \$500 each if grant eligibility were extended to GED recipients.

~~[Change to Bill: \$400,000 GPR]~~

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 9 NO 7 ABS

**AGENCY:** Wisconsin Technical College System

**ISSUE:** Capacity Grant Program

**ALTERNATIVE:** 2

**SUMMARY:**

This came out of the conference committee in the last budget. The System board argues that it helps reduce waiting lists (now 6,500 on such lists, and more turned away uncounted) by helping schools acquire new technology for expanded programs.

The gov. wisely, recommends transfer of administration from DOA to WTCS Board. But he recommends half the funding. The board would like full funding at \$5 million a year. But if retreat to gov's level is necessary, make sure administration shift is carried out.

Bottom line, if this program is cut, try to keep money within WTCS.

*Consensus for Alt 2*

**By:** Bob



## Legislative Fiscal Bureau

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May 16, 2001

Joint Committee on Finance

Paper #1011

### Capacity Grant Program Transfer and Funding Reduction (WTCS)

[LFB 2001-03 Budget Summary: Page 713, #4]

#### CURRENT LAW

The capacity grant program was created in 1999 Act 9 under the Department of Administration (DOA) to provide funds to WTCS districts to develop or expand programs in occupational areas of high demand.

#### GOVERNOR

Transfer the capacity building grant program from DOA to the WTCS Board with \$5,000,000 GPR of base level funding annually. Reduce funding for the program by \$2,000,000 in 2001-02 and \$3,000,000 in 2002-03 so that net funding for the program would be \$3,000,000 in 2001-02 and \$2,000,000 in 2002-03.

#### DISCUSSION POINTS

1. The capacity grant program was created in 1999 Act 9 and funded at a level of \$5.0 million in 2000-01. Although a program designed to benefit only WTCS districts, the appropriation and management of the initiative was housed in the Department of Administration.
2. This program was not requested in the 1999-01 biennial budget submission of WTCS nor was it included in the Governor's 1999-01 executive budget bill. The capacity grant program was not contained in the budgets adopted by the Joint Committee on Finance, Assembly or Senate. Rather, it was included in the report of the 1999-01 budget Conference Committee and subsequently enacted as a part of the 1999-01 budget.
3. Under the capacity grant program, \$5,000,000 was available starting in 2000-01 in a

new appropriation under DOA for grants to WTCS districts to develop or expand programs in occupational areas in which there is a high demand for workers, and to make capital expenditures necessary for such development or expansion.

4. For the initial program grants, DOA gave priority to funding new programs in information technology, machine tools and printing. Typically, such programs require investments in new technology and machinery and, as a result, have high start-up costs. In addition, demand for information technology and machine-tooling courses exceeds capacity at most technical college districts. DOA received approximately 30 proposals to fund new programs totaling more than \$11 million. All 16 districts received at least one grant and four of the districts received two grants in 2000-01. The total amount awarded was \$5 million, with individual grants ranging from \$61,500 to \$487,600.

5. The 20 programs funded in 2000-01 through the capacity grant program include 14 information technology programs, five machine tool programs and one printing program. Most of the grant commitments would provide three years of funding for the establishment of these new programs. Once established, the new programs would help regions alleviate employment shortages and help employers fill high demand jobs by graduating 986 new highly skilled labor market entrants annually. Overall, the new programs will serve more than 2,200 students annually. These programs are listed in an appendix to this paper.

6. In reviewing district applications for capacity grants, DOA ranked the technical college districts funding requests based on involvement of private sector support for the program, innovative approaches to learning, retention strategies and performance measurement data. New programs developed under the capacity grant program were required to take into account the needs of district employers and involve them in program development. Districts were encouraged to propose nontraditional approaches to increasing the supply of skilled graduates through accelerated programs, distance learning and weekend courses.

7. Under the DOA guidelines for the program, WTCS districts that receive funding for capacity building programs are eligible to receive continued funding for up to three years. For three-year funding requests, initial grant awards are fully funded and funded at 60% for the second year and 40% for the third year of the program. After the third year, districts would assume responsibility for continued funding of the programs. In order to receive second- and third-year funding, districts are required to monitor the success of the capacity grant funded programs in increasing job market entrants and student and employer satisfaction.

8. Since the WTCS Board already distributes grants to districts, it could be argued that distribution of capacity grants would be more appropriate if placed with the WTCS Board. According to DOA staff, sufficient resources do not exist within DOA for processing and monitoring capacity grant requests. By moving the appropriation to WTCS, existing WTCS Board resources and knowledge of technical college district needs could be used to target the available funds for new programs to areas with the highest need or the best prospects for meeting employer demands.

9. The Governor's recommended funding for the capacity grant program of \$3 million in 2001-02 and \$2 million in 2002-03 essentially freezes funding for new capacity grants during this biennium. According to DOA budget staff, the reduced funding level recommended by the Governor reflects a balancing of the state's fiscal constraints and a commitment to providing districts with resources to continue the capacity building projects initiated in 2000-01. The \$3 million in 2001-02 would provide full second-year funding at the 60% level for programs approved in 2000-01, and \$2 million in 2002-03 would provide third year funding at the 40% level for continuing programs. In future biennia, the \$2 million base funding would be available for new grants. As an alternative, because the program would be essentially frozen during the 2001-03 biennium, it could be sunsetted effective June 30, 2003.

10. In testimony before the Joint Committee on Finance, the WTCS Executive Director pointed out that districts submitted over \$11 million in eligible funding requests. Demand for new programs remains high and employers continue to report labor shortages for trained information technology employees, health care, skilled trades and other careers suited to technical education. It could be argued that reducing funding for the capacity grants would make it more difficult for technical college districts to train workers for the new economy.

11. Typically, the additional costs to implement or expand a technical college program are funded by the district either through unrestricted general aid, existing state incentive grants, internal reallocations or the property tax. One could argue that funding for the capacity grant program is redundant given the other sources of funding currently available to technical colleges for new program development. In addition to existing state aid grant programs and property tax revenue, districts leverage public funding for new programs or additional courses with contributions from area employers. Since area businesses benefit directly from the development of new programs, one can argue that they should pay for a larger share of the development costs.

12. Despite the funding sources available to technical college district for program development, demand for many programs exceeds the funding ability of many districts. According to WTCS, capacity grant funds, along with other state incentive grants, are an important funding supplement for many districts in order to keep up with course demand, particularly for programs that require expensive investments in technology and machinery. Without the capacity grant, technical districts would be limited in their ability to add to or supplement current programs and costs associated with developing new programs could come at the expense of existing programs.

## ALTERNATIVES

1. *Approve Governor's Recommendation.* Approve the Governor's recommendation to transfer the capacity grant program from the Department of Administration to the WTCS Board with \$3,000,000 in 2001-02 and \$2,000,000 in 2002-03.

2. *Maintain Current Base Level Funding.* Modify the Governor's proposal by increasing funding \$2,000,000 in 2001-02 and \$3,000,000 in 2002-03 in order to maintain base

level funding of \$5,000,000 annually.

<b>Alternative 2</b>	<b>GPR</b>
2001-03 FUNDING (Change to Bill)	\$5,000,000

3. *Eliminate Capacity Grant Program.* Modify the Governor's proposal by eliminating the capacity grant program and deleting \$3,000,000 in 2001-02 and \$2,000,000 in 2002-03.

<b>Alternative 3</b>	<b>GPR</b>
2001-03 FUNDING (Change to Bill)	- \$5,000,000

4. *Sunset Capacity Grant Program.* Modify the Governor's proposal by adding a sunset provision effective June 30, 2003.

5. Maintain current law, which would result in the program remaining at DOA with \$5,000,000 of annual funding (an additional \$2,000,000 in 2001-02 and \$3,000,000 in 2002-03 compared to the bill).

<b>Alternative 5</b>	<b>GPR</b>
2001-03 FUNDING (Change to Bill)	\$5,000,000

MO#	Alt 2			MO#			
2 BURKE	Y	N	A	BURKE	Y	N	A
1 DECKER	Y	N	A	DECKER	Y	N	A
I MOORE	Y	N	A	MOORE	Y	N	A
<del>STRUBLECKI</del>	Y	N	A	SHIBILSKI	Y	N	A
PLACHE	Y	N	A	PLACHE	Y	N	A
WIRCH	Y	N	A	WIRCH	Y	N	A
DARLING	Y	N	A	DARLING	Y	N	A
WELCH	Y	N	A	WELCH	Y	N	A
GARD	Y	N	A	GARD	Y	N	A
KAUFERT	Y	N	A	KAUFERT	Y	N	A
ALBERS	Y	N	A	ALBERS	Y	N	A
DUFF	Y	N	A	DUFF	Y	N	A
WARD	Y	N	A	WARD	Y	N	A
HUEBSCH	Y	N	A	HUEBSCH	Y	N	A
HUBER	Y	N	A	HUBER	Y	N	A
COGGS	Y	N	A	COGGS	Y	N	A

AYE 8 NO 9 ABS \_\_\_\_\_

AYE \_\_\_\_\_ NO \_\_\_\_\_ ABS \_\_\_\_\_

**APPENDIX**

**Distribution of Capacity Grant Awards  
2000-01**

<u>District</u>	<u>Focus</u>	<u>Funding 2000-01</u>	<u>Number of People Served</u>
Blackhawk Technical College	CNC Technician	\$193,230	60
Chippewa Valley Technical College	Design Verification Adv. Tech Certificate	114,552	100
Chippewa Valley Technical College	CIS, Network Specialist Assoc. Degree	295,241	20
Fox Valley Technical College	CIS Program	334,909	100
Gateway Technical College	CIS	165,456	100
Lakeshore Technical College	Help Desk, Webmaster, CISCO Certificate	111,149	72
Madison Area Technical College	Internet Occupations	410,547	264
Mid-State Technical College	CIS	61,539	20
Milwaukee Area Technical College	Machine Tool & Die	363,248	149
Moraine Park Technical College	CIS Micro Programmer Specialist	156,240	25
Nicolet Area Technical College	CIS, Network Specialist	71,127	40
Northcentral Technical College	CIS Expansion	237,687	55
Northcentral Technical College	Machine Tool	234,813	30
Northeast Wisconsin Technical College	Web Based Micro Assoc. Degree	364,802	50
Northeast Wisconsin Technical College	Machine Tool and Advanced Machining	386,824	32
Southwest Technical College	CIS, Microcomputer Specialist	64,317	18
Waukesha County Technical College	CIS, Network Specialist	315,526	228
Waukesha County Technical College	Printing	400,000	75
Western Wisconsin Technical College	IT Expansion	487,568	400
Wisconsin Indianhead Technical College	Machine Tool	<u>231,226</u>	<u>394</u>
		<b>\$5,000,000</b>	<b>2,232</b>

**AGENCY:** Wisconsin Technical College System

**ISSUE:** General Aids (Paper 1012)

**ALTERNATIVE:** 2

**SUMMARY:**

This would provide 4.1% increases for the WTCS system in each of the next two years -- as you have publicly committed to do.

Paul Gabriel is working on finding a fallback, if this fails, for you to offer. I told him you don't want to offer a succession of failing motions, only one that will succeed -- he was shopping 2%.

Arguments include:

- A 4.1 % increase is what system says it needs to maintain same level of programs now offered -- in the face of large cost increases (energy, health insurance, etc.)
- With at least 6,500 on waiting lists, and Wisconsin businesses scrambling to find well-trained workers -- we cannot afford to see our tech schools slashing programs.
- Failing to properly fund at the state level all but guarantees property tax increases. We cannot shift the burden.

As you know, three districts (Milwaukee, Southwest and Western) are up against their levy limit -- see point 12. No place to go without state help.

*Alt. 2*

**By:** Bob



## Legislative Fiscal Bureau

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

May 16, 2001

Joint Committee on Finance

Paper #1012

### General Aids for Technical College Districts (WTCS)

#### CURRENT LAW

Of the \$879.9 million in total revenues received by Wisconsin Technical College System (WTCS) districts in 1999-00, almost half (48.7%) was from property taxes. The remaining \$450.7 million consisted of state aid (14.8%), tuition and fees (12.4%), federal aid (7.6%) and self-financing operations and miscellaneous revenues (16.4%).

State aid is provided to WTCS districts in the form of unrestricted general aid, through categorical aids which support specific programs or services and for student grants. In 2000-01, \$118,415,000 GPR is provided for state general aids, \$16.8 million GPR and \$0.5 million PR is appropriated for various categorical aid programs, \$5 million GPR is administered through the Department of Administration for expanding high-demand programs and \$6.6 million GPR is appropriated for technical and occupational student grants. General aids are distributed through a formula which takes into account each of the 16 district's costs, FTE students and equalized property valuation.

#### GOVERNOR

The appropriation for general aids to technical college districts would remain at the 2000-01 base level of \$118,415,000 annually.

#### DISCUSSION POINTS

1. Of the \$270.8 million in total state aid provided to WTCS districts in the 1999-01 biennium, \$234.4 million (or 86.6%) is distributed as general, unrestricted aids through a cost-sharing formula designed to partially equalize the fiscal capacities of the 16 WTCS districts. Districts with less property valuation behind each student receive a higher percentage of their aidable costs through the formula because they are less able to generate as much property tax

revenue at a given mill rate than districts with high property valuations. In addition to partially equalizing the revenue available for district programs, general aid is also provided as a form of property tax relief and to address district needs not met by categorical aids, particularly operational costs.

2. The following table shows the amount appropriated for general aids to WTCS districts and the ratio of general aids to aidable costs since 1992-93. Aidable costs represent expenditures, including debt service, associated with providing postsecondary, vocational-adult and college parallel programs which are funded with property taxes and state general aids.

Year	General Aid	% Change	Aidable Cost	% Change	Ratio of Aid to Cost	Change in CPI**
1992-93	99,034,500	--	357,849,100	--	27.7%	3.0%
1993-94	104,454,200	5.5%	376,344,800	5.2%	27.8	3.0
1994-95	110,199,200	5.5	403,685,400	7.3	27.3	2.6
1995-96	110,199,200	0.0	432,228,200	7.1	25.5	2.8
1996-97	110,199,200	0.0	453,406,400	4.9	24.3	2.9
1997-98	111,852,200	1.5	475,291,400	4.8	23.5	2.3
1998-99	113,530,000	1.5	505,513,498	6.4	22.5	1.6
1999-00	115,945,000	2.1	526,617,352	6.3	22.0	2.2
2000-01*	118,415,000	2.1	566,136,623	7.5	20.9	3.4

\*Aidable cost is based on April 2000, district estimates.

\*\*Consumer Price Index changes for calendar years 1992 through 2000.

3. As the table indicates, the state's share of aidable cost has declined from 27.7% to an estimated 20.9% in 2000-01. If funding for general aids is maintained at the current level and aidable costs were to increase by 6.5% per year, the state's share of aidable costs would decline to 18.4% by the end of the 2001-03 biennium. The increase in aidable costs has exceeded the rate of inflation, as measured by the consumer price index, while general aid increases have lagged the rate of inflation during the last six years.

4. Since 1996-97, the state's property tax relief efforts have focused on elementary and secondary school aids. Most of the state's other major local aid programs have been frozen or have experienced modest increase at best while the Governor and Legislature have appropriated funds to meet the state's commitment to fund two-thirds of K-12 partial school revenues.

5. The WTCS Board cites several factors as contributing to district cost increases including employee contract settlements ranging from 3.8% to 4.5% and the need to provide compensation for instructors at levels that are competitive with what they could receive in private industry. The Board indicates that cost increases are also attributable to: greater numbers of high school students being served through school-to-work programs; the shortage of skilled workers in information technology and skilled trades which increases demand on existing programs and, in many cases, requiring development of new programs; and the changing nature of the workforce and the workplace requires districts to make investments in emerging technology and offer more flexible hours of instruction and student support.

6. In its biennial budget request, the State Board requested increases of \$4,885,000 (4.1%) in 2001-01 and \$9,909,100 (4.1%) in 2002-03. The request was based on a survey of the 16 WTCS districts in which the districts were asked to project their budget needs to: (a) maintain the same level of programming as in 1999-00; and (b) to "meet actual program needs and training demands." The responses indicated that annual increases of 4.1% would be required to maintain the same level of programming and 6% would meet other needs. In addition, the State Board argues that the requested increase would slow the growth in district property tax levies and help 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.

7. Some may view the ability of most districts to increase the property tax levy as a reason for reducing or limiting the growth of state aid increases. Since WTCS has access to this local revenue source, the state can level-fund general aids without denying WTCS additional revenues. In this case, local district boards would have to determine the level of resources for their local operations within the state mill limit on WTCS operating levies.

8. However, according to the WTCS Board, state aids play an important role in supporting the technical college system. General aids are used to equalize the fiscal capacities of the 16 districts to ensure that an adequate revenue base is available to fund technical education programs across the state. In addition, the growing dependence on the property tax to fund the system can result in fiscal inequities between those districts with higher local tax bases and those with lower-than average tax bases. Furthermore, concerns can be raised regarding the increasing burden being placed on local taxpayers to fund a statewide mission of technical and occupational education and workforce development.

9. Under current law, WTCS district levies for all purposes except debt service cannot exceed 1.5 mills. For districts at the mill limit, increases in revenue are essentially limited to increases in their equalized property values, and thus it is argued that particularly for these districts, there is a greater need for increases in state aid. In 2000-01, however, only three districts (Milwaukee, Southwest and Western) are at the mill limit. The mill limit was a greater concern in the late 1980s and early 1990s, when more than half of the districts were at the mill limit. Since 1990-91, equalized property valuations have increased by an average 7.2% annually statewide. This growth has allowed most districts to increase their property tax revenues while remaining at or below the limit. In 2000-01, the statewide average increase in property valuations was 7.3% with increases in individual districts ranging from a low of 2.0% (Southwest) to a high of 13.9% (Indianhead).

10. Due to changes in district aidable costs and equalized valuations per FTE, a district's general aid payment typically varies from year to year even when the total amount appropriated for general aids remains constant. Of the three districts which show a decline in general aid in 2000-01, only one (Milwaukee) is currently at the 1.5 mill limit.

11. The anticipated impact on each technical college district of no increase in general aid would differ. In each case, the impact depends on the ability and willingness of the district board to

raise property taxes, reallocate resources among programs and services, and forego planned expansions of programs and services. The following fiscal factors determine how a district would respond to no increase in general aid: how close the district is to the 1.5 mill rate limit; the anticipated relative increase in equalized property valuations in the district compared to operational cost increases; the impact of full implementation of farmland use value assessment on a district's equalized property valuation; and concerns about the impact of mill rate increases on district bond ratings.

12. According to WTCS, the districts that would experience the greatest impacts of no increase in general aid are those that are already at or close to the 1.5 mill rate limit: Milwaukee, Southwest Wisconsin, and Western Wisconsin districts. These three districts comprised 28.3% of the statewide technical college FTE enrollment in 1999-00. The limited fiscal capacity of these three districts is further compounded by relatively low rates of increase in property valuation and, in Southwest and Western, reductions in the property tax base due to the full implementation of farmland use value assessment. According to WTCS, the districts have indicated that they would need to implement significant cuts in staffing, programs and services in order to accommodate level-funded general aids.

13. Currently, the WTCS Board has the authority to provide grants to districts with limited fiscal capacity in order to fund educational programs, courses or services that would not otherwise be established or maintained because of limitations in district fiscal capacity. By statute, the Board may not award more than \$1,500,000 annually for fiscal capacity grants; funding for the grants would need to come from the incentive grant appropriation. However, the WTCS Board has not allocated funds for limited fiscal capacity grants since 1991-92. The Board discontinued this category of grants once districts that had experienced property value declines during the 1980s had recovered most of the property value loss.

14. Under the Governor's budget, the incentive grant appropriation would remain at \$7,888,100 annually during the 2001-03 biennium. If the WTCS Board were to allocate funds for limited fiscal capacity grants, funds would need to be reallocated away from the existing incentive grant programs funded through the incentive grant appropriation. In addition to limited fiscal capacity grants, the WTCS Board may award incentive grant funding to WTCS districts or consortia of districts for basic skills education, emerging occupations programs, technology transfer and grants for programs at juvenile correctional facilities. In 2000-01, the WTCS Board awarded \$8.7 million in grants funding to all 16 districts for basic skills education (\$4.0 million), new emerging occupations program development (\$4.2 million) and technology transfer (\$0.5 million).

15. The Committee could increase incentive grant funding by \$1,500,000 specifically for limited fiscal capacity grants targeted to districts at the 1.5 operational mill rate. Based on technical college district budget requests, fiscal capacity grant funding of \$1,500,000 annually would cover approximately 61% of the budget shortfall among those districts at the 1.5 mill rate maximum in 2001-02. Districts at the 1.5 mill rate limit project the following expected budget shortfalls in 2001-02: Milwaukee, \$1,010,000; Southwest, \$350,000; and Western, \$1,081,650. Funding shortfalls for 2002-03 would be slightly higher but are less certain due to potential changes

in property valuations and operational cost changes. Some would argue that limited fiscal capacity grants should only be provided to districts that are experiencing an actual decline in equalized property values; all three districts at the maximum mill rate level experienced property valuation growth during the 1999-01 biennium.

16. Over the last ten years, it has been the growth in property values (and in turn property taxes) that has provided the largest source of additional funding to districts rather than increases in general aids or categorical aids. The WTCS statewide equalized value has increased greater than 7% annually during most of the past decade and increases in categorical aids have somewhat lessened the impact of limited growth in general aids. However, most of the funding provided by categorical aids is targeted to support specific initiatives. If property values do not continue to increase faster than district operational costs and state aid remains frozen at 1999-01 levels, the limited ability to respond to programming needs of the residents and employers may expand beyond the three districts currently at the mill rate maximum.

17. Since 1996-97, the state's property tax relief efforts have focused on elementary and secondary school aids. Most of the state's other major local aid programs have been frozen or have experienced modest increases while the Governor and Legislature have appropriated funds to meet the state's commitment to fund two-thirds of partial K-12 school revenues.

## ALTERNATIVES

1. Approve the Governor's recommendation to maintain current law. Annual funding for general aids to WTCS districts would remain at \$118,415,000.

2. Increase general aids to WTCS districts by \$4,855,000 (4.1%) in 2001-02 and \$9,909,100 (4.1%) in 2002-03.

<u>Alternative 2</u>	<u>GPR</u>
2001-03 FUNDING (Change to Bill)	\$14,764,100

3. Increase general aids to WTCS districts by one of the following percentages:

<u>% Increase</u>	<u>GPR Funding Amount Calculated as a Change to Bill</u>		
	<u>2001-02</u>	<u>2002-03</u>	<u>Total</u>
1.0%	\$1,184,200	\$2,380,200	\$3,564,400
2.0	2,368,300	4,784,000	7,152,300
3.0	3,552,500	7,211,500	10,764,000
4.0	4,736,600	9,662,700	14,399,300
5.0	5,920,800	12,137,600	18,058,400
6.0	7,104,900	14,636,100	21,741,000

4. Provide \$1,500,000 in incentive grant funding annually and specify that the WTCS Board allocate those amounts as grants to districts with limited fiscal capacity.

<b>Alternative 4</b>	<b>GPR</b>
2001-03 FUNDING (Change to Bill)	\$3,000,000

Prepared by: John Stott

MO# Alt 2

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

MO# Alt 3 (12)

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 8 NO 8 ABS

MO# Alt. 4

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 5 NO 11 ABS

MO# Alt 1

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE NO ABS

this will be a Burke/Duff amendment

TECH  
COLLEGE

JOHN  
STOTT

April 20, 2001

To: Senator Brian Burke  
Fr: Martin Schreiber  
Re: Budget Amendment to Support Truck Driver Training Programs

The trucking industry is critical to the economic well-being of southeastern Wisconsin. One out of every 11 workers in Wisconsin is employed in the trucking industry. Statewide the trucking industry transports 89% of Wisconsin's manufactured freight, translating into 193 million tons of cargo. And with a projected retirement rate of 30% over the next five to seven years, well-trained drivers will be in demand. With the anticipated worker shortage, and with the ability for drivers to make a living wage to support their families, a quality training facility is imperative.

Waukesha County Technical College (WCTC) is considering the development of a regional truck driving training center to serve predominately the southeastern Wisconsin corridor. With the heavy concentration of truck drivers in the southeastern Wisconsin region, it is critical that current and perspective truck drivers be afforded a quality training facility. Employers anticipate a total of 567 annual openings, in the WCTC region alone, over the next five years.

There are 2 line items within the Technical College's GPR budget that provides support for truck driver training:

- \$322,000/year for truck driver education – paid \$105/credit; prorated from the intended \$150/credit
- \$200,000/year for advanced chauffer training – \$50,000 each to Fox Valley Technical College and Chippewa Valley Technical College; \$100,000 paid per FTE produced.

If programming is expanded at any of the three technical colleges, their annual funding from the state is reduced under the current structure. Dividing the current funding to accommodate a regional truck driving training facility at WCTC would be difficult. It would also be difficult to seek additional funds from GPR for programming needs of the three colleges without reducing funding available for the other 13 technical colleges.

Therefore, the Teamsters, the Wisconsin Motor Freight Carriers, and the Wisconsin Technical College System are requesting the establishment of an \$8 surcharge on traffic violations issued to drivers operating a commercial vehicle with an A (semi-trailer), B (over 2,600 lbs.) or C (other, i.e., hazardous materials) endorsed Commercial Drivers Licenses or on an agent company for weight violations, etc. The surcharge is projected to raise an additional \$600,000 annually.

WISCONSIN TECHNICAL COLLEGE SYSTEM

Composition and Organization of District Board in 1<sup>st</sup> Class City

Motion:

Move to modify the composition of the appointment committee for a district board that governs a district encompassing a 1<sup>st</sup> class city to specify that the four members designated by the Board of School Directors in charge of the public schools of the 1<sup>st</sup> class city must be members of the Board of School Directors.

MO# \_\_\_\_\_

BURKE	<input checked="" type="checkbox"/>	N	A
DECKER	<input checked="" type="checkbox"/>	N	A
MOORE	<input checked="" type="checkbox"/>	N	A
<del>SHIBILESKI</del>	<input checked="" type="checkbox"/>	N	A
PLACHE	<input checked="" type="checkbox"/>	N	A
WIRCH	<input checked="" type="checkbox"/>	N	A
DARLING	<input checked="" type="checkbox"/>	N	A
WELCH	<input checked="" type="checkbox"/>	N	A
GARD	<input checked="" type="checkbox"/>	N	A
KAUFERT	<input checked="" type="checkbox"/>	N	A
ALBERS	<input checked="" type="checkbox"/>	N	A
DUFF	<input checked="" type="checkbox"/>	N	A
WARD	<input checked="" type="checkbox"/>	N	A
HUEBSCH	<input checked="" type="checkbox"/>	N	A
HUBER	<input checked="" type="checkbox"/>	N	A
COGGS	<input checked="" type="checkbox"/>	N	A

AYE 16 NO 0 ABS \_\_\_\_\_

WISCONSIN TECHNICAL COLLEGE SYSTEM

\$1 Million Referendum Approval Threshold

Motion:

Move to increase the current \$500,000 threshold for referenda approval of WTCS building projects to be \$1,000,000 ~~and specify that beginning in 2002-03, this threshold for that fiscal year would be indexed for changes in the consumer price index for the calendar year ending on the second preceding December 31. Specify that this increase would apply to current law limits governing both capital expenditures and the issuance of bonds or notes by WTCS Districts.~~

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Note:

If a WTCS district proposes to issue bonds for building remodeling or improvement projects, a referendum may be required depending on the amount of the bond issue. A bond issue for such purpose in excess of \$500,000 is subject to a mandatory referendum. For a bond issue below \$500,000, the voters can petition for a referendum, which requires signatures from at least 1.5% of the population from the area of each county lying within the district.

For promissory notes, a referendum is required for any note for more than \$500,000 for building remodeling or improvement. For notes for movable equipment or for notes that do not exceed \$500,000 for building remodeling or improvement, voters can petition for a referendum using the same process as for WTCS bonds.

There is a separate referendum requirement for WTCS districts which relates to the financing of capital expenditures other than building remodeling or improvement projects. This provision specifically relates to the expenditure, rather than borrowing, decisions of WTCS districts. Capital projects, which include site acquisition, purchase or construction of buildings, lease purchase of buildings, building additions or enlargements, or purchase of fixed equipment relating to any capital project, costing more than \$500,000, excluding monies received from gifts, grants or federal funds, are subject to a mandatory referendum.

MO# \_\_\_\_\_

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
<del>SHIBILSKI</del>	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 15 NO 1 ABS \_\_\_\_\_

Senator Burke  
Representative Duff  
Representative Kaufert

## WISCONSIN TECHNICAL COLLEGE SYSTEM

### Truck Driver Training Grants for Technical College Districts

#### Motion:

Move to create a new \$8 assessment on citations issued to class A, B and C commercial licenses for driver as well as employer violations and deposit to a new, annual PR appropriation with \$616,000 PR in 2002-03 within the Wisconsin Technical College System (WTCS) to provide grants to Chippewa Valley Technical College (CVTC), Fox Valley Technical College (FVTC) and the Waukesha County Technical College (WCTC) for truck driver education. The State Director of WTCS would make a determination 12 months before the WCTC truck driver training center is scheduled to open and notify the Department of Transportation (DOT) to begin applying the assessments on citations 12 months before the scheduled opening date.

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#### Note:

This motion would create a new \$8 assessment on citations issued to class A, B and C commercial licenses for driver as well as employer violations and deposit to a new, annual PR appropriation within WTCS to provide grants to CVTC, FVTC and the WCTC for truck driver education. The State Director of WTCS would need to determine the completion and opening date of the WCTC truck driver training center and notify the DOT to begin applying the assessments on citations 12 months before the scheduled opening date.

According to the DOT, 77,000 citations were issued on all class A, B and C commercial licenses to drivers as well as employers in 2000. Of the citations issued in 2000, 65,900 were issued to employers for such things as weight violations, and 11,100 were issued to drivers for such things as speeding. Assuming the number of citations remains constant, approximately \$616,000 would be available annually as grants for truck driver training programs at CVTC, FVTC and WCTC, and the motion would provide \$616,000 PR in 2002-03 for this purpose.

According to the WTCS Board, the truck driver training program at WCTC has not yet been approved. The earliest the program would begin would be fall, 2002. Therefore, the assessment on citations would not begin until fall, 2001, and funding for truck driver programs would not be available until 2002-03.

[Change to Bill: \$616,000 PR]

MO#

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
SHIBILSKI	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 16 NO 0 ABS

*Coggs - MATE district board  
change*

*Burke - don't adopt item 10 -  
fixes fire hydrant thing*

# WISCONSIN TECHNICAL COLLEGE SYSTEM

## LFB Summary Items for Which No Issue Paper Has Been Prepared

Item #	Title
1	Standard Budget Adjustments
6	Reestimate Federal Revenues
10	Emergency Extrication Training Program
12	Transfer Funding to General Program Operations Appropriation

## LFB Summary Items to be Addressed in a Subsequent Paper

Item #	Title
2	Base Funding Reduction
5	Internet Courses

## LFB Summary Items for Introduction as Separate Le

Item #	Title	MO#		
7	WTCS Board Course Approval and Elimination	BURKE	(Y)	N A
8	Modification of Incentive Grant Program	DECKER	(Y)	N A
9	Applied Technology Center Capital Expenditures	MOORE	(Y)	N A
11	Alternative Certification for Instructors	<del>SMITH</del>	(Y)	N A
		PLACHE	(Y)	N A
		WIRCH	(Y)	N A
		DARLING	(Y)	N A
		WELCH	(Y)	N A
		GARD	(Y)	N A
		KAUFERT	(Y)	N A
		ALBERS	(Y)	N A
		2 DUFF	(Y)	N A
		WARD	(Y)	N A
		HUEBSCH	(Y)	N A
		HUBER	(Y)	N A
		COGGS	(Y)	N A

AYE 16 NO 0 ABS

# Administration

## General Agency Provisions

### *Bill Agency*

(LFB Budget Summary Document: Page 51)

#### **LFB Summary Items for Which Issue Papers Have Been Prepared**

<u>Item #</u>	<u>Title</u>
7 (part)	Railroad Crossing Hearing Examiner (Paper #125)
7 (part)	Transfer of Electrician Position to the Department of Administration (Paper #126)
7 (part)	Division of Vocational Rehabilitation -- Position Transfer to DOA (Paper #127)
8	Transfer of the State Fair Park Police Function to DOA (Paper #128)
9	Task Force on Technology and Electoral Participation (Paper #129)
10 (part)	State and Local Government Policy Coordination (Paper #130)
13	Minor Policy and Technical Change -- School District Data and Video Line Connection Fees (Paper #131)
15 (part)	Agency Appropriations Consolidations (Paper #132)
-	Badger State Games Assistance (Paper #133)
-	Funding Conversion of Certain Public Benefits Administrative Costs (Paper #134)
-	Office of Federal-State Relations in Washington, D.C. (Paper #135)
-	Volunteer Firefighter Service Award Program (Paper #136)



## Legislative Fiscal Bureau

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

May 18, 2001

Joint Committee on Finance

Paper #125

### **Railroad Crossing Hearing Examiner (DOA -- General Agency Provisions and PSC -- Office of the Commissioner of Railroads)**

[LFB 2001-03 Budget Summary: Page 54, #7 and Page 577, #1]

#### **CURRENT LAW**

The Office of the Commissioner of Railroads (OCR) regulates railroads and monitors the safety of railroad crossings. The Railroad Commissioner may order the closing of a railroad crossing or the installation of a safety improvement, such as crossing gates or lights. Any physical change to a crossing, such as a realignment or closing of the road or the creation of a new crossing, requires a hearing. OCR's hearing examiner conducts the hearings and issues a recommended ruling, which is acted upon by the Commissioner. Certain matters related to railroad regulation, such as railroad employee safety, may also be subject to hearings.

The Office has 7.0 FTE positions, including 1.0 program assistant, 4.0 railroad safety analysts, 1.0 attorney, who serves as the hearing examiner for the Office, and the Railroad Commissioner, who is appointed by the Governor for a six-year term. The operations of the Office are funded through assessments on railroads. Base funding for the Office is \$504,900 PR.

#### **GOVERNOR**

Delete 1.0 PR attorney position in the Office to reflect a transfer of the position to DOA's Division of Hearing and Appeals. Specify that the incumbent employee in this position would retain the position and that the employee would have all the rights and the same status under state employment relations provisions that the employee had in OCR immediately prior to the transfer. Specify that the employee would not be required to serve a probationary period if the employee had already achieved permanent status. Provide \$151,400 PR in 2001-02 and \$141,900 PR in 2002-03 to fund charges for railroad closing and modification hearings conducted by the Division of Hearings and Appeals, which are currently conducted by OCR's

attorney. Provide \$151,400 PR in 2001-02 and \$141,900 PR in 2002-03 and 1.5 PR positions annually in DOA's Division of Hearings and Appeals to reflect the transfer of the attorney from OCR and the creation of 0.5 support position.

## DISCUSSION POINTS

1. The bill would transfer the responsibility for holding railroad hearings from OCR to DOA's Division of Hearings and Appeals. OCR's current attorney, who conducts the hearings, would be transferred to DOA and OCR would be billed for the services provided by DOA.

2. In addition to creating an attorney position in DOA's Division of Hearings and Appeals, the bill would create a 0.5 clerical position to support the new attorney position. DOA indicates that the total amount of funding needed to support the 1.5 positions in DOA is \$151,400 PR in 2001-02 and \$141,900 PR in 2002-03, which is the amount provided by the bill.

3. The bill would increase OCR's funding by the amount needed to support the 1.5 positions in DOA, but would not decrease funding to reflect the elimination of OCR's attorney position. Consequently, the amount in OCR's budget to pay DOA for hearings services exceeds the amount that DOA indicates is necessary by \$103,900 PR annually. The net effect of the elimination of the OCR attorney and providing the funding to support 1.5 positions in DOA is \$47,500 PR in 2001-02 and \$38,000 PR in 2002-03. DOA indicates that the Governor's intent was to provide this amount of funding.

4. DOA indicates that the bill would transfer the attorney position from OCR to DOA to allow OCR to take advantage of administrative efficiencies. While one hearing examiner position was created to accommodate OCR's normal workload, in times when the demand for hearings is particularly high, more than one DOA hearing examiner may be dedicated to railroad hearings.

5. While there may be some advantages of requiring OCR to utilize DOA's hearing examiners and support services, there may also be some disadvantages with this approach. OCR indicates that the Office's attorney spends about 60% to 80% of his time on hearings. The remainder of the attorney's time is spent on other duties, including advising the Commissioner and other staff on issues of state and federal law, answering legal questions from local governments and the general public and assisting in the preparation of orders of the Commissioner. If the OCR's attorney is transferred to DOA, the Office would be left without legal counsel to perform these non-hearing duties.

6. The nonstatutory provision in the bill to reflect the transfer erroneously creates 1.0 GPR attorney position in DOA, instead of 1.0 PR attorney position. If the Governor's recommendation is adopted, this provision should be modified.

**ALTERNATIVES**

1. Approve the Governor's recommendation to delete 1.0 PR attorney position in the Office to reflect a transfer of the position to DOA's Division of Hearing and Appeals, but modify the bill by reducing the amount provided for OCR's budget by \$103,900 PR annually, to reflect the deletion of the salary and fringe benefit costs of OCR's attorney. The net increase in funding associated with this alternative would be \$47,500 PR in 2001-02 and \$38,000 PR in 2002-03. Specify that the incumbent employee in this position would retain the position and that the employee would have all the rights and the same status under state employment relations provisions that the employee had in OCR immediately prior to the transfer. Specify that the employee would not be required to serve a probationary period if the employee had already achieved permanent status. Provide \$151,400 PR in 2001-02 and \$141,900 PR in 2002-03 and 1.5 PR positions annually in DOA's Division of Hearings and Appeals to reflect the transfer of the attorney from OCR and the creation of 0.5 support position.

<u>Alternative 1</u>	<u>PR</u>
2001-03 FUNDING (Change to Bill)	- \$207,800

2. Maintain current law.

*Alt 2*

<u>Alternative 2</u>	<u>PR</u>
2001-03 FUNDING (Change to Bill)	- \$586,600
2002-03 POSITIONS (Change to Bill)	- 0.50

MO# *Alt. 2*

Prepared by: Jon Dyck

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
<del>SHIBLESKI</del>	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A

AYE 10 NO 0 ABS \_\_\_\_\_



## Legislative Fiscal Bureau

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May 18, 2001

Joint Committee on Finance

Paper #126

### **Transfer of Electrician Position to the Department of Administration (DOA -- General Agency Provisions and Workforce Development -- Departmentwide)**

[LFB 2001-03 Budget Summary: Page 54, #7 and Page 719, #7]

#### **CURRENT LAW**

*GOV eliminate position A771*

The Administrative Services Division provides information technology, personnel, purchasing, accounting, budgetary, facilities management, and management and program analysis services for the Department of Workforce Development (DWD). The Division has base level funding of \$234,000 FED and \$47,136,200 PR and 422.4 PR positions. The source of program revenue for the Division is fees charged to the Department's programs for services provided.

#### **GOVERNOR**

Include nonstatutory language to require the transfer, from DWD to the Department of Administration (DOA), of 1.0 PR position and the incumbent employee having responsibility for small projects requiring the services of an electrician. The employee that would be transferred from DWD to DOA would have the same rights and status as he or she had at DWD, and would not have to serve a probationary period.

#### **ANALYSIS**

1. The electrician position is the only such position working in General Executive Facility (GEF) 1 that is not under direct supervision of the Department of Administration Division of Buildings and Police Services. The Division believes that all trade work in GEF 1 should be under the direct supervision of the Complex Manager rather than the tenant agencies. With the major remodeling activities in the building, there should be less need for DWD to undertake the projects currently requiring the services of a Department electrician.

2. The electrician currently performs specific projects for DWD such as rewiring to accommodate staff relocations. The projects are directly related to DWD staff needs. An argument could be made that if the position is transferred to DOA, it would be directed to participate in major remodeling projects in GEF 1 and be unavailable for specific DWD projects.

3. As noted, the bill contains a nonstatutory provision that would transfer an electrician position from DWD to DOA. However, the bill does not adjust DWD's expenditure and position authority to reflect the transfer. As a result, if the Committee approves the transfer, \$79,500 PR and 1.0 PR position should annually be deleted from DWD's budget.

**ALTERNATIVES**

1. Approve the Governor's recommendation to transfer 1.0 electrician position from the Department of Workforce Development to the Department of Administration. Delete \$79,500 PR and 1.0 PR position to reflect the transfer. Provide \$79,500 PR and 1.0 PR position annually to DOA.

Alternative 1, DWD	PR
2001-03 FUNDING (Change to Bill)	- \$159,000
2002-03 POSITIONS (Change to Bill)	- 1.00

*Att 2  
6/2/01*

2. Maintain current law.

Alternative 2, DOA	PR
2001-03 FUNDING (Change to Bill)	- \$159,000
2002-03 POSITIONS (Change to Bill)	- 1.00

MO# Att 1

BURKE	<input checked="" type="radio"/>	N	A
DECKER	<input checked="" type="radio"/>	N	A
MOORE	<input checked="" type="radio"/>	N	A
<del>SANDERS</del>	<input checked="" type="radio"/>	N	A
PLACHE	<input checked="" type="radio"/>	N	A
WIRCH	<input checked="" type="radio"/>	N	A
DARLING	<input checked="" type="radio"/>	N	A novich
WELCH	<input checked="" type="radio"/>	N	A
GARD	<input checked="" type="radio"/>	N	A
KAUFERT	<input checked="" type="radio"/>	N	A
ALBERS	<input checked="" type="radio"/>	N	A
DUFF	<input checked="" type="radio"/>	N	A
WARD	<input checked="" type="radio"/>	N	A
HUEBSCH	<input checked="" type="radio"/>	N	A
HUBER	<input checked="" type="radio"/>	N	A
COGGS	<input checked="" type="radio"/>	N	A

AYE 16 NO 0 ABS 0



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May 18, 2001

Joint Committee on Finance

Paper #127

### **Division of Vocational Rehabilitation -- Position Transfer to DOA (DOA -- General Agency Provisions and Workforce Development -- Departmentwide)**

[LFB 2001-03 Budget Summary: Page 54, #7 and Page 720, #8]

#### **CURRENT LAW**

The Division of Vocational Rehabilitation (DVR) within the Department of Workforce Development (DWD) administers programs and provides services to people with disabilities to help them develop skills necessary to obtain employment and function independently. DVR allocates 1.0 PR position and \$45,000 PR annually to the injured state worker program.

#### **GOVERNOR**

Include nonstatutory language to require the transfer, from DVR to the Department of Administration (DOA), of 1.0 PR position and the incumbent employee having responsibility for the rehabilitation of injured state employees. The employee that would be transferred from DVR to DOA would have the same rights and status as he or she had at DVR, and would not have to serve a probationary period.

#### **DISCUSSION POINTS**

1. The bill would transfer a reemployment specialist from the DVR to the DOA Risk Management program. The employee is currently assigned to the Risk Management program and funded under an interchange agreement with DOA to assist injured state employees under the Worker's Compensation law. The program has been successful at placing state employees in jobs enabling their early return to work. The current counselor also has strong capabilities in assisting agencies with developing their own return-to-work programs and conducting job analyses to assist

in accommodating disabilities. There were 27 cases referred to DVR during 1999-00. There are 12 employees enrolled in training.

2. Returning injured workers to work is a key component of the Wisconsin Worker's Compensation Act. Under this act, retraining is secondary to a quick return to the same or similar type of work. The DVR program has a broader focus including skill upgrades. Federal law requires DVR to favor retraining (such as a four-year degree program) rather than emphasizing return to work under State Worker's Compensation Law. Consequently, DVR has requested DOA to assume program responsibility for rehabilitating injured state workers.

3. DOA indicates that transferring the position and incumbent employee would be the most cost effective way to provide injured state employees with vocational rehabilitation services. Alternatively, DOA could contract with private vendors to provide the service. However, DOA notes that this would cost more and the current reemployment specialist would be unavailable to the Department.

4. DVR has expressed a desire to retain the position authority. The position could be redeployed to another activity by reallocating funding to support it.

5. As noted, the bill contains a nonstatutory provision that would transfer to DOA the position that is allocated to the state injured worker program. However, the bill does not adjust DWD's expenditure and position authority to reflect the transfer. If the Committee approves the transfer, \$45,000 PR and 1.0 PR position annually should be deleted from DWD.

**ALTERNATIVES**

1. Approve the Governor's recommendation to transfer 1.0 reemployment specialist position from the Division of Vocational Rehabilitation in DWD to the Department of Administration. Delete \$45,000 PR and 1.0 PR position annually from DWD and provide 1.0 PR position to DOA annually to reflect the transfer.

<u>Alternative 1. DWD</u>	<u>PR</u>
2001-03 FUNDING (Change to Bill)	- \$90,000
2002-03 POSITIONS (Change to Bill)	- 1.00

2. Maintain current law.

<u>Alternative 2. DOA</u>	<u>PR</u>
2002-03 POSITIONS (Change to Bill)	- 1.00

Prepared by: Ron Shanovich

MO# Alt 2

BURKE	Y	N	A
DECKER	Y	N	A
MOORE	Y	N	A
<del>ST. ISIDORE</del>	Y	N	A
PLACHE	Y	N	A
WIRCH	Y	N	A
DARLING	Y	N	A
WELCH	Y	N	A
GARD	Y	N	A
KAUFERT	Y	N	A
ALBERS	Y	N	A
DUFF	Y	N	A
WARD	Y	N	A
HUEBSCH	Y	N	A
HUBER	Y	N	A
COGGS	Y	N	A



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A-2  
B-2  
Gard OK

May 18, 2001

Joint Committee on Finance

Paper #128

### **Transfer of the State Fair Park Police Function to DOA (DOA -- General Agency Provisions and State Fair Park)**

[LFB 2001-03 Budget Summary: Page 55, #8 & Page 619, #3]

#### **CURRENT LAW**

The State Fair Park is authorized 6.5 PR positions related to law enforcement activities. These positions include 4.0 FTE police officers, 1.0 FTE police lieutenant, 1.0 FTE program assistant and 0.5 FTE police chief. At least one officer is on duty around the clock at the Park. In addition, the Park hires limited-term employees to supplement the regular police force during high-use times, such as the annual state fair. DOA is currently authorized 61.5 PR positions related to law enforcement activities. These include 56.5 FTE positions in Madison (State Capitol police) and 5.0 FTE positions assigned to the Milwaukee area.

#### **GOVERNOR**

Transfer 6.5 PR law enforcement positions from the State Fair Park to the State Capitol police function under DOA. Shift base level State Fair Park salary, limited-term employee and fringe benefits related funding (including 3% and 7.1% increases) of \$449,100 PR in 2001-02 and \$465,300 PR in 2002-03 to supplies and services. These funds, when added to base level supplies and services funding of \$207,200 PR annually, would provide the agency with \$656,300 PR in 2001-02 and \$672,500 PR in 2002-03 to contract with DOA for the provision of police services at the Park.

Provide DOA with \$1,193,000 PR and 6.5 PR positions (5.0 classified and 1.5 unclassified) in 2000-01 and \$1,163,100 PR and 6.0 PR positions (5.0 classified and 1.0 unclassified) in 2002-03 to reflect the transfer of the State Fair Park police force to the State Capitol police.

Stipulate that the transferred employees would have the same rights and status as state employees, including state employment labor relations rights, as they had attained immediately before the transfer. In addition, provide that employees who had already attained permanent status before the transfer would not be required to serve a probationary period. Further, as a result of this transfer, delete the statutory reference to the State Fair Park police from the list of employees who continue to receive pay if they suffer injuries due to their performance of duties in a hazardous occupation.

## **DISCUSSION POINTS**

### **Transfer of State Fair Park Positions**

1. The State Fair Park Board requested the transfer of the police officer positions in its budget submittal to the Governor. In addition, the State Fair Park Interim Director testified to the Joint Committee on Finance at the March 15, 2001, budget briefing that the transfer would increase efficiency and safety at the Park.

2. DOA assumed some State Fair Park police functions during 2000-01 under an interim agreement under which individual Park officers reported directly to the State Capitol police chief. The remaining State Fair Park officer supervisory responsibilities would be moved formally to the Milwaukee area State Capitol police function upon passage of the bill.

3. During the period since this proposal was originally developed, the half-time State Fair Park police chief has retired. Consequently, the funding and associated position authority (provided under DOA in 2001-02 only but included in the State Fair Park base level funding in both fiscal years) can be deleted.

4. Further, the salary and fringe benefits associated with the 6.0 FTE remaining Park law enforcement personnel who would be transferred to DOA required adjustment to reflect estimated overtime costs and Wisconsin Retirement System (WRS) fringe benefits add-on costs for protective status employees.

5. Finally, it has been determined that the LTE salary and fringe benefits funding proposed to be transferred to DOA to support short-term law enforcement supplemental employees during high-use periods at the Park also included funding for parking attendants and security personnel. These costs should continue to be budgeted under the State Fair Park, rather than under DOA.

6. As a result of these adjustments, it now appears that DOA will require expenditure authority of \$1,063,900 PR annually and 6.0 PR positions in order to assume the law enforcement functions at the State Fair Park. These revised DOA funding needs would result in reductions of \$129,100 PR and 0.5 PR position in 2001-02 and \$99,200 PR in 2002-03 from the expenditure authority recommended by the Governor.

7. It is estimated that State Fair Park will spend \$1,126,700 PR for law enforcement activities in 2000-01. However, under these revised cost projections, it would now appear that the Park's contract with DOA to provide police services will cost only \$1,063,900 PR annually. Consequently, the Committee could consider deleting \$62,800 PR annually of base level expenditure authority under the State Fair Park to recognize the efficiencies that will occur under the arrangement. Under this alternative, an additional \$431,300 PR in 2001-02 and \$415,100 PR in 2002-03 of base level law enforcement-related salary and fringe benefits funds would be shifted to the agency's supplies and services line (to provide total funding of \$1,063,900 PR annually) to support the DOA police services contract costs.

### **Hazardous Duty Coverage**

8. State Fair Park police are currently enumerated as state employees who can collect full salary (with no reduction of sick leave credits, compensatory time for overtime accumulations or vacation) following an injury due to the performance of duties in a hazardous occupation. The statutes also enumerate State Fair Park police under various "performance of duty" activities that qualify them for the hazardous duty pay.

9. As a result of the proposed transfer of Park police to DOA, the bill deletes all reference to the State Fair Park police from: (a) the list of employees who continue to receive pay if they suffer injuries due to their performance of duties in a hazardous occupation; and (b) the list of employees subject to the performance of duty qualifying activities. These references are deleted since the former State Fair Park police would be subsumed under "other state facility officers" who are currently subject to the hazardous duty coverage.

10. An apparent inconsistency in current law lists "other state facility officers" as types of state employees who qualify for hazardous duty pay but does not enumerate such employees under the "performance of duty" activities that would actually qualify them for the hazardous duty payments. This situation creates a statutory ambiguity with respect to whether State Capitol police are fully covered and protected under the hazardous duty pay statute.

11. Regardless of whether or not the Committee approves the transfer of the State Fair Park police function to DOA, it may wish to amend the statutes to make it unambiguous that State Capitol police ("state facility police officers") are enumerated under the definition of "performance of duties" so that they are entitled to receive the same injury benefits as other employees with hazardous duties who are injured in the performance of duties.

## **ALTERNATIVES**

### **A. Transfer of State Fair Park Positions**

1. Approve the Governor's recommendation to delete 6.5 PR law enforcement positions from State Fair Park and provide DOA with \$1,193,000 PR and 6.5 PR law enforcement

