

Fiscal Estimate - 2013 Session

Original
 Updated
 Corrected
 Supplemental

LRB Number 13-1424/1	Introduction Number AB-0177
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Description
 Transferring technical college district assets, liabilities, and employees to the technical college system board; limiting the authority of technical college district boards and prohibiting them from levying property taxes; increasing the rate of the state sales tax and use tax, and requiring a referendum

Fiscal Effect

State:

- | | | |
|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-----------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> No State Fiscal Effect | <input type="checkbox"/> Increase Existing Revenues | <input checked="" type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget
<input type="checkbox"/> Yes <input checked="" type="checkbox"/> No |
| <input type="checkbox"/> Indeterminate | <input type="checkbox"/> Decrease Existing Revenues | |
| <input type="checkbox"/> Increase Existing Appropriations
<input type="checkbox"/> Decrease Existing Appropriations
<input checked="" type="checkbox"/> Create New Appropriations | <input type="checkbox"/> Decrease Costs | |

Local:

- | | | |
|--------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| <input type="checkbox"/> No Local Government Costs
<input checked="" type="checkbox"/> Indeterminate | 3. <input type="checkbox"/> Increase Revenue
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
4. <input checked="" type="checkbox"/> Decrease Revenue
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory | 5. Types of Local Government Units Affected
<input type="checkbox"/> Towns <input type="checkbox"/> Village <input type="checkbox"/> Cities
<input type="checkbox"/> Counties <input type="checkbox"/> Others
<input type="checkbox"/> School Districts <input checked="" type="checkbox"/> WTCS Districts |
| 1. <input type="checkbox"/> Increase Costs
<input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory
2. <input checked="" type="checkbox"/> Decrease Costs
<input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory | | |

Fund Sources Affected	Affected Ch. 20 Appropriations
<input type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS	

Agency/Prepared By	Authorized Signature	Date
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Fiscal Estimate Narratives

WTCS 4/12/2013

LRB Number	13-1424/1	Introduction Number	AB-0177	Estimate Type	Original
Description Transferring technical college district assets, liabilities, and employees to the technical college system board; limiting the authority of technical college district boards and prohibiting them from levying property taxes; increasing the rate of the state sales tax and use tax, and requiring a referendum					

Assumptions Used in Arriving at Fiscal Estimate

This bill increases state costs by making major changes to the governance and funding structure of 16 colleges that make up the Wisconsin Technical College System, by removing local control and assigning assets and employees to the Wisconsin Technical College (WTC) System Office, which is a state agency. Approval of these changes requires majority of all votes cast on the question in the election.

The bill would increase state costs as it makes the WTCS responsible for operations and debt service at the 16 colleges. For 2012-13, property tax levies systemwide totaled \$786.8 million, which includes \$176.6 million in debt service that the bill specifies would be transferred to the WTCS. Therefore, under the bill, state costs are estimated to increase by at least this amount. While the bill includes provisions for increasing the state sales and use tax by one cent (as of July 1, 2015), the bill does not clearly require that these increased taxes be allocated specifically to support the WTCS. The bill also does not address questions about state resources that might be available if sales tax does not create adequate revenue to support the college operation and levy costs.

The bill would increase the number of state employees and thus increase state payroll, salary and benefit costs. For 2011-2012, WTCS colleges reported 20,215 employees (8,315 full-time and 11,864 part-time) who would become state employees under the bill. The bill states that "employees transferred under this paragraph retain all rights in the technical college system that they enjoyed in the technical college boards immediately before the transfer." Therefore, under the bill, state costs could be affected by the additional state employees who might have wide variations in the benefits and rights they bring from their local colleges depending on how the concepts of "rights" is defined as used in the bill. Another staffing issue that affects state costs is the role and authority of the WTC System Office and other state personnel structures in managing the issues associated with an additional 20,000 new state employees created by the governance changes proposed in the bill.

Other issues that could create significant additional demands on state resources and costs include how the 16 colleges would interact with and participate in state systems such as, for example, payroll, HR, WISMART accounting system, and DOA procurement processes. It is not clear if WTC colleges would fall under jurisdiction of the State Building Commission for new facilities and facilities remodeling. While existing statutes already assign responsibility for review and approval of local college building and remodeling to the WTC System Office, local colleges now are responsible for funding projects. If colleges cannot fund new projects, state resources would be needed, which is why the Building Commission might need to prioritize local college projects along with other state building projects.

Long-Range Fiscal Implications

As shared by representatives of the Minnesota State Colleges and Universities (MnSCU) during the Assembly Speakers Task Force on the WTCS (that met in 2003), transferring local college employees to state payroll increased costs because local colleges lost the benefit of wage variations associated with local and regional labor markets. It is likely that at least some local WTCS college employees could see a wage increase as their salaries are adjusted to state employment categories.

Other long-range fiscal implications would depend upon the extent to which the additional sales and use tax is allocated specifically for WTCS use and the ability of this tax to meet WTCS funding needs.