

Wisconsin Technical College System

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Prepared by

Layla Merrifield

Wisconsin Legislative Fiscal Bureau
One East Main, Suite 301
Madison, WI 53703

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Wisconsin Technical College System

The nation's first system of vocational, technical and adult education was established in Wisconsin in 1911. The purpose of the system was to provide part-time educational opportunities for youth and adults who were not enrolled in either secondary or post-secondary schools. The original vocational systems were run by public school systems or by separate, citywide technical school districts. However, by 1965, a statewide system had been developed which consisted of two interacting components, the State Board of Vocational, Technical and Adult Education and local vocational college districts, which shared responsibility for the system.

In 1994, the name of the system was changed to the Wisconsin Technical College System under the provisions of 1993 Act 399. The system is divided into 16 districts, which are shown in Appendix IV, and has 48 main and satellite campuses that serve over 390,000 people annually.

This paper is divided into two sections and contains four appendices. The first section provides an overview of system organization, programs and enrollments. The second section describes how the system is financed. The appendices provide additional information on the general aid formula, the incentive grants program and the calculation of student tuition.

System Overview

Governance of the Wisconsin Technical College System (WTCS) is shared between the WTCS Board and the individual district boards. Each level has statutory responsibilities that are interconnected in many ways. The WTCS Board is responsible for

planning and coordinating the system's programs and activities. The district boards are responsible for local planning, budgeting, curriculum and course development, and program implementation. Many district activities are performed in consultation with the WTCS Board or require Board approval to ensure consistency statewide.

WTCS Board Organization

The WTCS Board consists of 13 members: (a) an employer; (b) an employee; (c) one farmer; (d) the State Superintendent of Public Instruction or a designee; (e) the Secretary of Workforce Development, or a designee; (f) the President of the University of Wisconsin Board of Regents, or a designee from among the Regents; (g) six public members; and (h) one student. The employer, employee, farmer, and public members are appointed by the Governor for staggered, six-year terms. The student member is appointed by the Governor for a two-year term.

An administrative staff of 77.3 full-time equivalent positions is authorized for the Board. The staff is headed by a State Director (commonly known as the System President) who is appointed by the Board. In addition, there are two division administrators and an executive assistant.

The Board's major statutory responsibilities are to:

- Hire a System President and staff.
- Initiate, develop, maintain, and supervise programs with specific occupational orientations below the baccalaureate level.
- Determine the organization, plan, scope,

and development of technical colleges.

- Review and approve district proposals to develop or eliminate programs and courses of study offered by districts.
- Distribute state aid to districts and audit district financial and enrollment data required for aid calculations.
- Review and approve district grant applications and facility proposals.
- Establish uniform program fees (tuition) and materials fees for students.
- Certify district educational personnel.
- Coordinate with the Department of Public Instruction in assisting local school boards in the establishment of technical preparation programs in each public high school.
- Establish general policies and procedures regarding travel and expenses, procurement, personnel, and service contracts for the district boards.

District Board Organization

Each WTCS district is governed by a nine-member board which must include two employers, two employees, three public members, a school district administrator, and an elected official who holds state or local office. No two members may be officials of the same unit of government, nor may any member be on the school board that employs the school district administrator. Of the three public members, no more than two may be employers and no more than two may be employees, no more than three may be school district administrators, and no more than three may be elected officials. Board members serve staggered three-year terms.

Appointments to the district boards are made by local committees that consist of county board chairs in 13 districts and school board presidents in

the other three (Milwaukee, Southwest, and Fox Valley). Whether the committee consists of the county board chairs or school board presidents is determined by which body originally initiated the formation of the district. The appointment committee must develop a plan of representation for board membership that gives equal consideration to the general population distribution and to the distribution of minorities and women within the district. In addition, the plan for Milwaukee must give equal consideration to the distribution of minorities within the City of Milwaukee.

After the plan of representation is developed, the appointment committee may accept names for board appointment from district residents. The committee must hold a public hearing to discuss the appointment of a new board member. District board appointments are also reviewed by the WTCS Board. If the appointment committee cannot, within 30 days of its first meeting, develop a representation plan and appoint a district board, the WTCS Board is required to do both.

The major statutory duties of district boards are to:

- Hire a district president, staff, and teachers.
- Develop or eliminate programs and courses, with WTCS Board approval.
- Develop an annual budget and set a property tax levy within statutory limits.
- Seek and obtain federal and foundation grants.
- Provide educational programming, financial aid, guidance, and job placement services.
- Enter into contracts to provide educational or fiscal and management services.
- Develop a capital building program, subject to certain statutory restrictions.

Programs and Enrollments

Current law identifies the principal purposes of the WTCS as providing: (a) occupational education and training/retraining programs; and (b) customized training and technical assistance to business and industry. The additional purposes of the system are to provide: (a) courses to high school students through contracts with secondary schools; (b) a collegiate transfer program; (c) community services and avocational or self-enrichment courses; (d) basic skills education; and (e) education and services to minorities, women, and handicapped or disadvantaged individuals.

The types of educational programs through which the system fulfills its purposes are classified as follows:

Post-Secondary. Full-time programs that are comprised of:

Collegiate Transfer. A two-year program in which the liberal arts credits earned by students may be transferred to a four-year university and applied towards a baccalaureate degree. In 2007-08 four districts offered such a program (Chippewa

Valley, Madison, Milwaukee and Nicolet) and state law limits the program's size to no more than 25% of the total credit hours offered by the district. Western Technical College will begin offering this program in 2008-09.

Associate Degree. A two-year, post-high school program with specific course requirements established by the WTCS Board.

Technical Diploma. A one- or two-year program with specific course requirements established by the WTCS Board.

Registered Apprenticeships. A combination of from two to five years of on-the-job training and classroom-related instruction.

Continuing Education. Part-time programs that are comprised of vocational-adult, basic skills education, and district/community services, which include avocational or hobby courses and activities offered with community groups.

Table 1 shows the number of full-time equivalent (FTE) students enrolled in the WTCS in the 2007-08 academic year, by program classification.

Table 1: Full-Time Equivalent (FTE) Students 2007-08 Academic Year

District	Post-Secondary				% of District Total	Continuing Education		Total	
	Collegiate Transfer	Associate Degree	Technical Diploma	Subtotal		FTEs	% of District Total	FTEs	% of State Total
Chippewa Valley	127	3,336	750	4,213	91.1%	410	8.9%	4,623	6.6%
Western	0	2,694	488	3,182	84.7	575	15.3	3,757	5.4
Southwest	0	928	366	1,294	81.1	302	18.9	1,595	2.3
Madison	3,088	4,379	1,032	8,499	90.1	929	9.9	9,428	13.5
Blackhawk	0	1,309	293	1,602	84.1	303	15.9	1,905	2.7
Gateway	0	3,477	401	3,878	80.2	955	19.8	4,833	6.9
Waukesha	0	2,819	610	3,430	83.4	685	16.6	4,114	5.9
Milwaukee	3,216	6,150	1,066	10,433	83.0	2,140	17.0	12,573	18.1
Moraine Park	0	2,086	634	2,720	87.9	374	12.1	3,094	4.4
Lakeshore	0	1,278	260	1,538	74.2	535	25.8	2,073	3.0
Fox Valley	0	4,301	673	4,974	81.5	1,127	18.5	6,101	8.8
Northeast WI	0	4,747	818	5,565	85.6	939	14.4	6,504	9.3
Mid-State	0	1,570	291	1,862	88.8	235	11.2	2,096	3.0
Northcentral	0	1,904	324	2,228	75.5	723	24.5	2,951	4.2
Nicolet	273	464	109	846	79.6	216	20.4	1,062	1.5
Indianhead	<u>0</u>	<u>1,800</u>	<u>656</u>	<u>2,456</u>	<u>84.1</u>	<u>464</u>	<u>15.9</u>	<u>2,921</u>	<u>4.2</u>
Total	6,705	43,244	8,771	58,720	84.3%	10,911	15.7%	69,631	100.0%

The distribution of FTE students between program classifications varies, reflecting differences in program emphasis at each district. The proportion of a district's FTE students in post-secondary programs varies from a low of 74.2% (Lakeshore) to a high of 91.1% (Chippewa Valley); the statewide average is 84.3%. Of the total FTE students enrolled in continuing education courses, 7,194 (65.9%) took courses primarily related to basic skills education and courses for hearing or visually impaired individuals. A total of 3,537 FTE students (32.4%) were enrolled in vocational-adult courses while 181 FTE students (1.7%) were enrolled in district/community service courses. The actual number of individuals enrolled in continuing education programs is significantly higher than the FTE count would suggest since each FTE student represents approximately 1,200 hours of instruction.

WTCS students enroll in courses in a variety of instructional divisions: agriculture; business; graphics; family and consumer education; industrial; service and health; technical; television; and general education. A student in a particular major program may take courses in more than one division. Because general education courses are required in most technical and vocational programs, FTE enrollments in general education made up 44.0% of the state total in 2007-08. The service and health division has the second highest percentage at 19.5% of total FTE enrollments statewide.

Full-time equivalency is used in the WTCS because headcount enrollments in post-secondary educational systems do not provide an accurate reflection of the number of credit hours taken. This is especially true in technical colleges due to the large number of part-time students and short course offerings. The WTCS computes FTEs on the basis of a uniform 30 credits per year in all programs.

Table 2 compares 2007-08 headcount enrollments to FTE students for each district. The number of students that equal one FTE varies among districts (from 3.7 to 8.5), with a statewide average of 5.6. During much of the 1980s and

1990s, the headcount per FTE remained relatively stable between 7.1 and 7.8; however, in recent years the headcount per FTE has fallen as the average number of credits taken by students has increased.

Table 2: Headcount as Compared to FTE Enrollment 2007-08 Academic Year

District	Headcount	FTEs	Headcount Per FTE
Chippewa Valley	19,462	4,623	4.2
Western	19,229	3,757	5.1
Southwest	11,401	1,595	7.1
Madison	41,848	9,428	4.4
Blackhawk	11,250	1,905	5.9
Gateway	22,789	4,833	4.7
Waukesha	27,767	4,114	6.7
Milwaukee	46,638	12,573	3.7
Moraine Park	20,020	3,094	6.5
Lakeshore	15,204	2,073	7.3
Fox Valley	47,100	6,101	7.7
Northeast	41,527	6,504	6.4
Mid-State	10,053	2,096	4.8
Northcentral	22,318	2,951	7.6
Nicolet	8,898	1,062	8.4
Indianhead	<u>24,768</u>	<u>2,921</u>	8.5
Total	390,272	69,631	5.6

Table 3 shows statewide FTE enrollments for 1997-98 through 2007-08. Since 1997-98, FTE enrollment in the system has increased by 13,143 FTEs or 23.3%. However, this period is marked by years of both growth and decline in enrollment. In general, FTE enrollments tend to vary inversely with state and local economic conditions. During

Table 3: Statewide FTE Enrollment 1997-98 through 2007-08

	FTEs	% Change
1997-98	56,488	---
1998-99	57,667	2.1%
1999-00	57,983	0.5
2000-01	59,719	3.0
2001-02	63,782	6.8
2002-03	66,868	4.8
2003-04	68,728	2.8
2004-05	68,414	-0.5
2005-06	68,267	-0.2
2006-07	68,358	0.1
2007-08	69,631	1.9

periods of economic decline, individuals tend to seek retraining; in periods of economic growth, enrollments decline as individuals enter the job market. Enrollment patterns in each district are less predictable.

System Finance

WTCS districts receive funding from five major sources: (1) property taxes; (2) state aid, excluding funds transferred from other state agencies; (3) tuition and fees; (4) federal aid; and (5) self-financing operations and miscellaneous revenues. Table 4 shows WTCS revenues by source for 2007-08. Table 5 provides a breakdown of revenue sources from 1998-99 through 2007-08. Each of these sources is detailed in the following sections.

The expenditures supported by WTCS revenues can be expressed in a variety of ways but are most commonly divided into operational and nonoperational costs. Operational costs are those attributable to providing educational services regardless of funding source. These costs include instruction, instructional resources, student services, physical plant, and general/administrative costs. Nonoperational costs are all other costs to the districts such as debt service and capital projects. A breakdown of these costs for 2007-08 is shown in Table 6. The difference between total system costs (\$1,513.7 million) and total revenues (\$1,414.8 million) in 2007-

Table 4: WTCS District Revenues -- 2007-08 (\$ in Millions)

	Amount	% of Total
Property Taxes	\$680.6	48.1%
State Aid	136.2	9.6
Tuition and Fees	194.4	13.7
Federal Aid	155.6	11.0
Self-Financing/ Miscellaneous	<u>248.0</u>	<u>17.5</u>
Total	\$1,414.8	100.0%

Note: Excludes revenues from fund balances, proceeds from debt, and funds provided to WTCS districts or students from other state agencies for such things as financial aid and workforce training.

08 is the result of revenues carried over from prior years as fund balances, which are available for expenditure in the current year, and debt proceeds, which are borrowed funds that may be used for capital expenses.

Property Taxes

The property tax is the largest source of revenue for the Technical College System. Since 1998-99, the property tax has represented between 47.4% and 48.8% of total system revenues.

State law limits property taxes levied by each WTCS district for all purposes except debt service to \$1.50 per \$1,000 (or 1.5 mills) of the district's equalized property valuation, which is referred to as the operational mill rate. In the early 1990s, most districts were levying at or near the mill limit. In

Table 5: WTCS District Revenues 1998-99 through 2007-08 (\$ in Millions)

Year	Property Taxes		State Aid*		Tuition & Fees		Federal Aid		Other**		Total	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
1998-99	\$396.2	---	\$128.6	---	\$102.4	---	\$67.0	---	\$120.4	---	\$814.6	---
1999-00	430.1	8.6%	130.1	1.2%	109.3	6.7%	67.2	0.3%	144.1	19.7%	880.7	8.1%
2000-01	466.4	8.4	140.7	8.1	114.9	5.2	77.1	14.7	176.7	22.7	975.8	10.8
2001-02	511.6	9.7	139.3	-1.0	128.5	11.8	96.0	24.6	184.2	4.2	1,059.6	8.6
2002-03	541.9	5.9	137.3	-1.4	137.4	6.9	121.6	26.6	187.1	1.6	1,125.2	6.2
2003-04	565.3	4.3	136.1	-0.9	148.9	8.4	141.0	15.9	200.5	7.2	1,191.8	5.9
2004-05	590.8	4.5	138.3	1.6	162.1	8.9	139.3	-1.2	210.3	4.9	1,240.8	4.1
2005-06	622.0	5.3	136.8	-1.1	169.5	4.5	141.0	1.2	210.9	0.3	1,280.2	3.2
2006-07	650.6	4.6	135.5	-1.0	182.4	7.6	145.7	3.4	248.5	17.8	1,362.8	6.5
2007-08	680.6	4.6	136.2	0.5	194.4	6.6	155.6	6.8	248.0	-0.2	1,414.8	3.8

*Includes general and categorical aids only; excludes funds received from other state agencies.

**Self-financing operations and miscellaneous revenues

**Table 6 : WTCS District Costs – 2007-08
(\$ in Millions)**

	Amount	Percent of Total
Operational Costs		
Instruction	\$637.5	42.1%
Instructional Resources	25.3	1.7
Student Services	91.1	6.0
General/Administrative	119.3	7.9
Physical Plant	75.6	5.0
Nonoperational Costs		
Debt Service	134.3	8.9
Capital Outlay	109.1	7.2
Other*	<u>321.5</u>	<u>21.2</u>
Total	\$1,513.7	100.0%

*Includes auxiliary operations such as bookstores and cafeterias, and public service functions such as radio and television stations.

the last several years, however, the relatively higher rate of increase in property values has allowed most districts to lower their mill rates. Table 7 shows the number of districts in each of four ranges of operational mill rates in 1985-86, 1990-91, and 1995-96, and from 2000-01 through 2008-09. Between 1985-86 and 1990-91, the number of districts with mill rates less than 1.40 fell from 10 to two, while the number of districts at 1.5 mill rate increased from two to eight. By 1995-96, the number of districts with mill rates below 1.4 grew to seven, and four districts were at the 1.5 mill limit. By 2008-09, only two districts (Fox Valley and Milwaukee) had a tax rate at the mill limit and 11 districts had mill rates less than 1.4.

There is no statutory limitation for taxes levied for debt service costs. However, a district's bonded indebtedness may not exceed 2% of its equalized property valuation. In addition, building projects costing more than \$1,000,000, excluding remodeling or improvement projects and any expenditures financed with gifts, grants or federal funds, are subject to a mandatory referendum. A referendum is also required if a district proposes to borrow in excess of \$1,000,000 for remodeling or improvement projects. Finally, district boards are prohibited from spending more than \$1,000,000 in reserve funds, consisting of property tax revenues and investment earnings on those revenues, to finance capital projects in excess of \$1,000,000. An exception to these provisions was created in 1999 Act 9 for applied technology centers. The Act 9 provision permitted each WTCS district to expend up to \$5 million prior to January 1, 2002, for the purchase or construction of an applied technology center provided the district board met certain criteria and the project was approved by the State Board. The provision was extended to July 1, 2003, under 2001 Act 16, and further extended to July 1, 2006, under 2003 Act 62. Five districts, Milwaukee, Moraine Park, Gateway, Chippewa Valley, and Waukesha, requested and received approval from the State Board to construct an applied technology center under this provision.

Table 8 shows the statewide equalized value (excluding the value increment in tax incremental financing districts) and a breakdown of the total WTCS levy from 1998-99 through 2008-09. Since 1998-99, as property valuations have increased at an average of 7.5% annually, the total levy has

Table 7: Number of WTCS Districts at Selected Operational Mill Rate Ranges

Mill Rate	1985-86	1990-91	1995-96	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07	2007-08	2008-09
Less than 1.40	10	2	7	9	10	11	11	11	12	12	12	11
1.40 to 1.45	3	3	3	4	3	2	2	2	0	2	2	1
1.46 to 1.49	1	3	2	0	0	0	1	0	3	1	1	2
1.5	<u>2</u>	<u>8</u>	<u>4</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>1</u>	<u>1</u>	<u>2</u>
Total	16											

Table 8: WTCS Statewide Tax Levy and Average Mill Rate (\$ in Millions)

	Equalized Value		Operational Levy			Debt Levy			Total Levy		
	Amount	Percent Change	Amount	Percent Change	Mill Rate	Amount	Percent Change	Mill Rate	Amount	Percent Change	Mill Rate
1998-99	\$243,852.0	6.8%	\$327.1	6.4%	1.34	\$69.1	8.6%	0.28	\$396.2	6.8%	1.62
1999-00	261,085.8	7.1	348.8	6.6	1.34	81.4	17.8	0.31	430.2	8.6	1.65
2000-01	280,085.8	7.3	375.5	7.7	1.34	90.7	11.4	0.32	466.2	8.4	1.66
2001-02	304,965.5	8.9	406.5	8.3	1.33	105.1	15.9	0.34	511.6	9.7	1.68
2002-03	327,322.3	7.3	430.3	5.8	1.31	111.6	6.2	0.34	541.9	5.9	1.66
2003-04	352,120.7	7.6	450.7	4.8	1.28	114.6	2.7	0.33	565.3	4.3	1.61
2004-05	381,588.7	8.4	477.4	5.9	1.25	113.4	-1.1	0.30	590.8	4.5	1.55
2005-06	416,563.8	9.2	506.2	6.0	1.22	115.7	2.1	0.28	622.0	5.3	1.49
2006-07	455,759.5	9.4	531.9	5.1	1.17	118.7	2.6	0.26	650.6	4.6	1.43
2007-08	485,186.6	6.5	561.0	5.5	1.16	119.6	0.8	0.25	680.6	4.6	1.41
2008-09	501,332.3	3.3	591.3	5.4	1.18	123.3	3.1	0.25	714.6	5.0	1.43

increased by an average of 6.1% per year.

Table 9 indicates each district's operational and total tax levy and mill rate for 2007-08 and 2008-09. The percent change in each district's 2008-09 levy over the 2007-08 amount is also shown.

State Aid

State aid is provided to WTCS districts either in the form of unrestricted general aid or through categorical aids which support specific programs or services. Since 1998-99, state aid has declined from 15.8% to 9.7% of total system revenue. A breakdown of state aid for 2007-08 (actual expenditures) and 2008-09 (budgeted) is shown in

Table 10.

1. General Aid. Of the \$274.1 million in total direct state aid provided to WTCS districts in the 2007-09 biennium, \$236.8 million (or 86.4%) 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.

Table 9: WTCS District Operational and Total Tax Levies and Mill Rates (\$ in Millions)

District	2007-08				2008-09					
	Operational		Total*		Operational			Total*		
	Amount	Mill Rate	Amount	Mill Rate	Amount	% Change	Mill Rate	Amount	% Change	Mill Rate
Blackhawk	\$15.11	1.30	\$19.66	1.70	\$15.93	5.40%	1.32	\$20.63	4.90%	1.70
Chippewa	24.48	1.20	32.03	1.57	26.08	6.50	1.23	33.47	4.50	1.58
Fox Valley	48.07	1.50	53.55	1.67	50.12	4.26	1.50	56.27	5.07	1.68
Gateway	44.83	1.05	51.08	1.20	47.35	5.63	1.08	53.91	5.56	1.23
Lakeshore	16.15	1.18	20.24	1.48	16.83	4.21	1.18	20.97	3.57	1.47
Madison	74.09	1.07	82.64	1.19	78.43	5.87	1.09	87.43	5.80	1.21
Mid-State	14.65	1.21	17.81	1.47	15.35	4.80	1.21	18.69	4.94	1.48
Milwaukee	112.82	1.44	139.31	1.77	119.34	5.78	1.50	146.02	4.82	1.84
Moraine Park	26.38	1.09	32.38	1.34	27.63	4.75	1.10	33.67	4.00	1.34
Nicolet	17.09	0.93	19.46	1.06	17.77	4.00	0.92	20.14	3.51	1.05
North Central	21.89	1.48	27.61	1.86	22.88	4.51	1.47	28.83	4.39	1.85
Northeast	37.68	1.05	52.53	1.46	39.13	3.86	1.05	55.02	4.74	1.48
Southwest	9.68	1.37	12.14	1.72	10.49	8.34	1.40	14.12	16.26	1.89
Waukesha	48.05	0.92	56.73	1.09	50.23	4.53	0.94	58.90	3.84	1.11
Western	22.25	1.40	30.35	1.91	24.45	9.92	1.49	31.82	4.83	1.93
WI Indianhead	27.81	0.82	33.12	0.97	29.26	5.23	0.84	34.71	4.80	0.99
Statewide	\$561.01	1.16	\$680.64	1.41	\$591.26	5.39	1.18	\$714.60	4.99	1.43

*Total levy including debt service.

Table 10: State Aid to WTCS Districts

	2007-08 Actual	2008-09 Budgeted
State Aid Program*		
General Aids	\$118,415,000	\$118,415,000
Incentive Grants	5,839,900	6,483,100
Health Care Education Programs	5,450,000	5,450,000
Supplemental Aid	1,432,500	1,432,500
Nicolet Collegiate Transfer	1,073,700	1,073,700
Displaced Homemaker	813,000	813,400
Faculty Development Grants	794,600	794,600
Minority Student Retention Grants	589,200	589,200
Fire Schools (PR)	600,000	600,000
Transition Services for		
Handicapped Students	382,000	382,000
Driver Education	307,500	307,500
Chauffeur Training Grants	191,000	191,000
Farm Training Tuition	136,700	143,200
Apprenticeship Curriculum		
Development	71,600	71,600
Occupational Competency Grants	63,400	68,100
Truck Driver Training (PR)	56,100	616,000
Total	\$136,216,200	\$137,430,900

*Unless indicated, state aid programs are funded through general purpose revenues (GPR).

Table 11 shows total general aid to WTCS districts from 1998-99 through 2008-09. Aidable costs represent expenditures, including debt service, associated with providing postsecondary, vocational-adult, and collegiate transfer programs that are funded by property tax and state general aid revenues. As the table indicates, the ratio of general aid to aidable cost has declined by 8.2

percentage points since 1998-99 (from 22.9% to the current estimate of 14.7%) and has declined in each of the last 11 years. However, the increase in aidable costs has exceeded the rate of inflation (as measured by the Consumer Price Index) in all but two years during this period.

Appendix I provides further information on the general aid formula, including a description of the major components of the formula, a sample aid calculation, an explanation of variations in general aid support among districts, and a discussion of the tax-base equalization goal of the formula.

2. Incentive Grants Program. The largest categorical aid is the incentive grants program, which represents \$12.32 million of the amount shown in Table 10. Under current law, the WTCS Board can award grants to districts, or consortia of districts, in five categories: (a) basic skills--creation or expansion of adult high school, adult basic education and English as a second language courses; (b) emerging occupations--new and expanding occupational training programs, courses or services, and related staff and instructional material development; (c) educational programs, courses or services that would not otherwise be established or maintained because of limitations in district fiscal capacity; (d) technology transfer--programs that assist business and industry in

Table 11: State General Aids as a Percentage of Aidable Costs

	State General Aids		Aidable Costs*		Ratio of Aid to Cost	Change in CPI**
	Amount	% Change	Amount	% Change		
1998-99	\$113,530,000	---	\$495,316,063	---	22.9	---
1999-00	115,945,000	2.1%	526,551,225	6.3%	22.0	2.2
2000-01	118,415,000	2.1	559,577,270	6.3	21.2	3.4
2001-02	118,415,000	0.0	598,842,862	7.0	19.8	2.8
2002-03	118,415,000	0.0	631,725,473	5.5	18.7	1.6
2003-04	118,415,000	0.0	666,710,083	5.5	17.8	2.3
2004-05	118,415,000	0.0	696,154,218	4.4	17.0	2.7
2005-06	118,415,000	0.0	710,594,304	2.1	16.7	3.4
2006-07	117,815,000 ***	-0.5	723,358,432	1.8	16.3	3.2
2007-08	118,415,000	0.5	782,170,127	8.1	15.1	2.8
2008-09	118,415,000	0.0	806,560,089	3.1	14.7	3.8

* Aidable costs are based on district estimates.

** Changes in Consumer Price Index-All Urban Consumers for calendar years 1998 through 2007. CPI-U for 2008 is estimated.

*** Funding was reduced by \$600,000 due to a lapse requirement under 2005 Act 25.

adopting and implementing new technology; and (e) creation or expansion of programs at secured juvenile correctional facilities. Under 2007 Act 20, the WTCS Board is required, on a one-time basis, to allocate \$194,000 in 2008-09 from incentive grants funding to Northcentral Technical College to implement a dairy associate degree program.

Appendix II provides further information on the incentive grants program including a description of the various grant categories supported by the program, a discussion of the grant application and award process, and a history of appropriations and expenditures.

3. Health Care Grant Program. This program provides grants to WTCS district boards for the purpose of increasing enrollments in health care courses and programs. Grants are intended to fund new sections of occupational core and support courses, not to address existing capacity. In 2007-08, 35 grants were awarded. For 2007-08, total expenditures for the program were \$5,450,000, and are budgeted at \$5,450,000 in 2008-09.

4. Interdistrict Tuition Supplemental Aid. Interdistrict tuition, which was an additional charge to state residents taking courses outside their district of residence, was eliminated in 1989 Act 336, beginning in 1990-91. A supplemental aid appropriation was created to provide a per-student reimbursement to districts that receive more students from other districts than they send. In 2007-08, seven districts received payments under the program (Chippewa Valley, Fox Valley, Madison, Milwaukee, Northeast WI, Waukesha County, and Western). State aid payments were \$1,432,500 in 2007-08 and are budgeted at \$1,432,500 in 2008-09.

5. Nicolet College Transfer Program. A separate categorical aid payment for the collegiate transfer program at Nicolet Area Technical College was created in 1985 Act 29. From 1994-95 to 2001-02, the payment was \$1,124,300 annually. Since 2002-03, the annual payment has been \$1,073,700.

The statutes specify that only collegiate transfer programs operated in WTCS districts that do not have a University of Wisconsin campus within their boundaries are eligible for categorical support. Nicolet is the only district meeting this criterion. The law further provides that the aid payment be equal to that portion of the program's instructional costs not supported by fees and tuition that is equal to the state support of similar programs in the UW System. This program is budgeted \$1,073,700 annually. In 2007-08, 273 FTE students were enrolled in the program.

6. Training Program Grants. Under this program, the WTCS Board is permitted to award grants to district boards for skills training or other education requested by businesses. Budgeted funding for the overall program was \$2,000,000 in 2007-08 and \$3,000,000 in 2008-09. Of these amounts, \$1,500,000 in 2007-08 and \$2,000,000 in 2008-09 are available to fund these general business training grants. For general business training, expenditures totaled \$1,450,000 in 2007-08 and served 6,400 workers.

Under 2007 Act 20, the following small business requirements applied to \$500,000 of funding in 2007-08 and will apply to \$1,000,000 of the \$3,000,000 of funding available in 2008-09 and annually thereafter. In order to be eligible for a grant from this small business funding, an employer must either: (a) have no more than 100 employees; or (b) have no more than \$10,000,000 in gross annual income in its most recent fiscal year. The WTCS Board may award a grant from this small business funding to a district board to provide training for a business if all of the following requirements apply: (a) the district board agrees in writing that the grant will provide skills training or other education to current or prospective employees that is related to the needs of the business; (b) the business agrees in writing to comply with the restrictions on grant use; (c) the business and district board submit a plan to the WTCS Board detailing the proposed use of the grant, and the Board approves the plan; (d) the

business and district board enter into a written agreement with the WTCS Board that specifies the conditions for the use of the grant, including reporting and auditing requirements; and (e) the business and district board agree to submit to the Board a report detailing the use and effect of the grant.

Finally, a small business training grant cannot be used to pay more than 80% of the cost of any skills training or other education related to the needs of the recipient business that was provided to the owner, the owner's spouse, or the owner's child. The grant likewise cannot be used to pay wages or compensation for lost revenue in connection with the training provided.

Expenditures for small business training totaled \$126,000 in 2007-08 and served 450 workers.

7. Displaced Homemaker. A displaced homemaker is an unemployed individual who has provided unpaid household services for a substantial number of years and has been dependent on the income of a family member or public assistance but is no longer supported by either means. Under this program, the State Board awards grants to WTCS districts and community-based organizations to support personal counseling, outreach and other services to displaced homemakers. Expenditures for the program were \$813,035 in 2007-08 and are budgeted at \$813,400 in 2008-09. In 2007-08, 12 districts and four community-based organizations received grants.

8. Faculty Development Grants. Under this program competitive grants are awarded to districts for faculty development programs that promote: (a) awareness of, and expertise in, a wide variety of newly emerging technologies; (b) the integration of learning technologies in curriculum and instruction; and (c) the use of instructional methods that involve emerging technologies. Districts receiving grants must provide a match of at least 50% of the grant amount. According to WTCS administrative rule, each district is eligible to receive a flat amount plus a variable allocation based

on the district's share of the total WTCS educational staff. In 2007-08, the flat grant was \$40,000 and the variable amount ranged from \$2,600 at Nicolet to \$30,600 at Milwaukee. Expenditures for this program were \$794,600 in 2007-08 and are budgeted at \$794,600 in 2008-09.

9. Fire Schools. District boards are required to make fire fighter training programs available, free of charge, to paid and volunteer municipal fire departments. State aid reimburses districts for the operation of these programs. Funding is provided as program revenue (PR) from fire dues payments, a 2% assessment on fire insurance premiums. Expenditures for the program were \$600,000 in 2007-08 and are budgeted at \$600,000 in 2008-09. In 2007-08, funding supported training for 4,032, firefighters in programs conducted by WTCS districts.

10. Minority Student Participation and Retention Grants. Under the minority retention grant program, grants are awarded to: (a) provide counseling and tutoring services for minority students; (b) increase placement and retention of minority students in technical education programs with high earning potential; (c) provide internships to minority students enrolled in programs that prepare their graduates for admission to a teacher education program in the UW system; (d) combine basic skills and occupational training as a means of expediting basic skills remediation and increasing retention of minority students; and (e) use community-based organizations to assist in the recruitment, training and retention of minority students. Local districts are required to provide matching funds of 25% to 75% of total project cost. Each district receiving a grant must file an annual report with the WTCS Board evaluating the results of the grant. Expenditures for the program were \$589,200 in 2007-08 and are budgeted at \$589,200 in 2008-09. Fourteen districts received grants ranging from \$10,000 to \$89,800 in 2007-08. The largest grant (to Milwaukee) accounted for 15.2% of the total amount awarded. In 2007-08, 57,766 minority students enrolled at WTCS colleges.

11. Transitional Services for Handicapped Students. This program provides grants to fund coordinated sets of activities, such as interpersonal skills and study training, intended to help disabled students make the transition from high school to postsecondary education, vocational training or continuing education. A provision in 1997 Act 27 doubled the amount appropriated for the program and required that each district be awarded an amount equal to one-sixteenth of the amount appropriated for this program. In addition, the law requires districts to provide matching funds equal to 25% of the amount awarded. In 2007-08, expenditures for the program were \$382,000. In 2008-09, \$382,000 is appropriated for the program resulting in a grant of \$23,875 to each district.

12. Driver Education. Driver education aid partially reimburses WTCS districts for the operational costs of providing driver education and chauffeur training (truck driving) instruction. Under current law, districts are to receive \$16 per credit for each student enrolled in a driver education course and \$150 per credit for each student enrolled in a chauffeur training course. In general, few claims are made for reimbursement for driver education students. Since 1993-94, when the chauffeur training reimbursement rate was increased from \$72 to \$150, the amount appropriated has not been sufficient to fully fund the program and payments have been prorated. For 2007-08, payments were prorated at 42.67%. State aid for the program was \$307,500 in 2007-08 and 2008-09.

13. Advanced Chauffeur Training Grants. These grants are awarded for the development of advanced chauffeur training facilities, the acquisition of instructional equipment for such facilities, facility and equipment maintenance costs, and costs incurred in coordinating training programs. Projects qualifying for grants include construction of truck driving ranges and construction of vehicle inspection facilities. Expenditures for the program were \$191,000 in 2007-08 and are budgeted at \$191,000 in 2008-09. In 2007-08, grants were made in the following amounts: \$54,800 to Chippewa Valley, \$121,500 to Fox Valley, and \$14,700 to

Waukesha County.

14. Farm Training Program Tuition Grants. In the 1989-91 biennial budget, a tuition assistance program was created, as part of the incentive grants program, to support students enrolled in farm business and production management programs. In the 1991-93 biennial budget, a separate categorical aid program was established. Grants provide 50% of a student's tuition for up to six years of the program. In 2007-08, 859 students were served by this program. Expenditures for the program were \$136,693 in 2007-08 and are budgeted at \$143,200 in 2008-09.

15. Apprenticeship Curriculum Development. This aid to WTCS districts is for apprenticeship curriculum development. Funds are used to review, update and develop curricula for adult apprenticeship programs. Expenditures for the apprenticeship curriculum development program were \$71,600 in 2007-08 and are budgeted at \$71,600 in 2008-09.

16. Technical College Instructor Occupational Competency Grants. This program awards grants to pay the salaries of technical college instructors who improve their knowledge and skills through temporary work experiences in business and industry. A 50% local match is required. In 2007-08, expenditures for the program, which funded 51 instructors, were \$63,370. A total of \$68,100 is budgeted for the grants in 2008-09.

17. Truck Driver Training Grants. Under current law, there is an \$8 assessment surcharge on the commercial vehicle violations and convictions that is available for grants to WTCS districts that provide truck driver training. Currently, Chippewa Valley, Fox Valley, and Waukesha County technical colleges offer truck driver training programs. Although \$616,000 annually is budgeted for this program in the 2007-09 biennium, recent data on the number of eligible commercial vehicle violations and convictions indicate that actual surcharge revenue will be much less than the original estimate. Revenues for 2007-08 were approximately

\$46,900. This is a continuing appropriation, and unexpended revenues carryover for distribution in subsequent years. WTCS expects to award grants to all three truck driver training programs in 2008-09, totaling \$81,000.

Tuition Revenues

In 2007-08, 13.7% (\$194.4 million) of total WTCS revenue was generated through tuition and fees. In 1975, the Legislature established a statutory tuition policy for the WTCS based on a percentage of cost methodology. Each year, the WTCS Board sets separate resident tuition rates for post-secondary and vocational-adult (PS/VA) courses and collegiate transfer (CT) courses. For both PS/VA and CT programs, tuition is based on the districts' projections of costs and enrollments in order to generate the percentage of costs required by law. This method automatically causes tuition to increase as costs rise. Out-of-state students pay fees based on 100% of program costs, unless covered by a reciprocity agreement.

By law, tuition for state residents enrolled in post-secondary (associate degree and technical diploma) and vocational-adult programs is to be set at the level necessary to generate revenue equal to at least 14% of the estimated, statewide operational cost of those programs. The WTCS Board may set the percentage higher in order to

generate more tuition revenue. For 2008-09, resident tuition for PS/VA courses is \$97.05 per credit or \$2,911.50 annually for a full-time student. This rate was set to recover 18.1% of costs.

The uniform tuition charge for collegiate transfer courses is to equal at least 31% of the estimated, statewide operational cost of such programs. This percentage was originally set for comparability with resident tuition at the two-year colleges in the UW System. In 2008-09, tuition for collegiate transfer programs is \$131.50 per credit or \$3,945 annually, as compared to annual tuition of \$4,268 at the two-year UW Colleges. The current rate was set to recover 37.2% of collegiate transfer costs.

Table 12 shows per credit and annual resident tuition charges from 1998-99 through 2008-09.

WTCS districts are required by law to exempt from tuition students over age 62 who are enrolled in vocational-adult programs. In addition, resident students age 60 and older may audit a WTCS course, except for community service programs, without paying an auditor's fee, provided that space is available and the instructor approves. The statutes also require that students enrolled in adult high school, adult basic education, and English as a second language courses be exempted from tuition. In addition, students enrolled in courses under

Table 12: WTCS Resident Tuition

	Post-Secondary/Vocational-Adult			Collegiate Transfer		
	Per Credit	Annual*	Percent Change	Per Credit	Annual*	Percent Change
1998-99	\$57.00	\$1,710.00	---	\$76.35	\$2,290.50	---
1999-00	59.25	1,777.50	3.9%	81.30	2,439.00	6.5%
2000-01	61.50	1,845.00	3.8	85.90	2,577.00	5.7
2001-02	64.00	1,920.00	4.1	90.00	2,700.00	4.8
2002-03	67.00	2,010.00	4.7	94.00	2,820.00	4.4
2003-04	70.00	2,100.00	4.5	97.00	2,910.00	3.2
2004-05	76.00	2,280.00	8.6	103.00	3,090.00	6.2
2005-06	80.50	2,415.00	5.9	109.10	3,273.00	5.9
2006-07	87.00	2,610.00	8.1	117.90	3,537.00	8.1
2007-08	92.05	2,761.50	5.8	124.70	3,741.00	5.8
2008-09	97.05	2,911.50	5.4	131.50	3,945.00	5.5

*Tuition shown for a full-time student based on a program of 30 credits per year.

federally funded programs are exempted from tuition. This category of students includes those enrolled in: (a) Workforce Investment Act courses; (b) Goal Oriented Adult Learning (GOAL) programs; and (c) Vocational Education Act handicapped, disadvantaged, and consumer/homemaking projects.

Under current law, WTCS institutions are required to grant a 100% remission of tuition, less any amount paid under federal programs, to students who are qualified veterans beginning in the 2007-08 academic year. (Under prior law, remissions were equal to 50% of fees, including tuition and student fees, in academic years 2005-06 and 2006-07). Qualified veterans are eligible for this remission for up to 128 credits or eight semesters, whichever is longer.

To qualify as a veteran for this remission, a student must: (1) be verified by the Department of Veterans Affairs as a resident of this state for the purpose of receiving benefits; and (2) have been a resident of this state at the time of entry into the armed services. In addition, a student's military service must meet one or more of the following criteria: (1) service of at least one term under honorable conditions during a war period or in a crisis zone; (2) service on active duty under honorable conditions for the full period of the initial service obligation; (3) service qualifying for certain service-related medals; (4) service ending in honorable discharge for a service-related disability or for reasons of hardship; or (5) service ending in release under honorable conditions due to a reduction in the armed forces. For students who qualify for this remission but do not qualify for resident tuition as determined by WTCS, the nonresident portion of tuition is also remitted.

In addition, WTCS institutions are required to grant a full remission of fees, including tuition and academic fees, for 128 credits or eight semesters, whichever is longer, to the spouse, unremarried surviving spouse, and children of eligible veterans. An eligible veteran is one who: (1) was a resident at

the time of entry into the armed services; (2) served under honorable conditions; (3) either died on active duty, died on inactive duty for training purposes, died as the result of a service-related disability, or has been awarded at least a 30% service-related disability rating; and (4) was a resident of this state at the time of death or service-related disability. The spouse, in the case of disability, or the unremarried surviving spouse, in the case of death, of an eligible veteran is eligible for this remission during the first ten years after the receipt of the disability rating or the death of the eligible veteran, or until ten years after the youngest child that the spouse had with the eligible veteran reaches, or would have reached, 18 years of age. Children of eligible veterans are eligible if they are at least 17 years old.

In 2005-06, a total of 964 students received WTCS remissions under this program totaling \$872,200. That increased to 1,990 students and \$1,925,500 in remissions in 2006-07. For 2007-08, the number of students increased to 3,028, with the total value of remissions increasing to \$5,001,600. Technical colleges were reimbursed for approximately 22% of these costs, or \$1.1 million in 2007-08, under the remissions reimbursements program administered by the Higher Educational Aids Board.

Under current law, district boards are required to grant full remission of tuition to any resident student who is the child or surviving spouse of a fire fighter, law enforcement officer, correctional officer, ambulance driver, or emergency medical services technician, killed in the line of duty in Wisconsin provided that the child or surviving spouse is enrolled in a postsecondary/vocational adult or collegiate transfer program. Eligible students may receive the remission for three years or until they have completed a sufficient number of credits to complete the program in which they are enrolled, whichever comes first. Between 1996-97 and 2001-02, \$15,000 GPR was appropriated annually to fund the tuition remissions; since 2002-03, \$14,300 annually has been appropriated. In 2007-

08, six students received remissions totaling \$14,300.

While the above categories of students are exempt from paying tuition, the costs associated with their instruction are included in the cost basis upon which tuition is determined. Consequently, tuition for non-exempt students reflects these costs.

Appendix III includes discussions of the tuition formula, reciprocity agreements with other states, and fees for student materials.

Federal Aid

In 2007-08, federal aid provided 11.0% (\$155.6 million) of total system revenue. Federal funds are provided either in the form of direct federal grants to individual districts or as federal aid which the WTCS Board receives and then distributes to districts. In addition, WTCS students receive other federal loans, grants, and scholarships that are not included in WTCS revenue. According to data prepared by the Higher Educational Aids Board, need-based federal financial assistance to WTCS students totaled \$142.2 million in 2007-08. After student aid, the following two programs are the largest sources of federal revenue.

- **Carl Perkins Vocational Education Act (\$14.4 million)** -- Provides support for postsecondary and adult education through: (1) a formula-based grant for services to special populations and program

improvement; (2) competitive-based grants targeted for nontraditional employment and training, pre-technical learning, and work-based learning; and (3) targeted grants for carrying out the technical education program for criminal offenders. For 2007-08, total funding was \$24,210,400. Of that total, \$22,103,600 was the basic state grant, and \$2,106,800 was for tech-prep. The basic state grant was split between WTCS (\$12,300,500) and the Department of Public Instruction (\$9,803,100).

- **Adult Education and Family Literacy Act (\$7.9 million)** -- Provides support for programs and services in adult education and literacy, including workplace literacy, family literacy, and English literacy.

Other federal monies go to specific programs at WTCS districts and are applied for directly by the districts.

Self-Financing Operations and Miscellaneous Revenue

In 2007-08, 17.5% (\$247.5 million) of total WTCS revenue was obtained from other sources, including auxiliary or self-financing operations, such as food service and bookstores, equipment sales, and interest income. In addition, districts may enter into contracts to provide educational services to businesses and industries, public and private educational institutions, including school districts, and government agencies.

APPENDIX I

State General Aid Formula

General aid is calculated according to the following formula factors:

1. Aidable Cost. The costs that are aided under the formula include operational costs for post-secondary, vocational-adult and collegiate transfer instructional programs, and debt service. The following items are not aidable under the formula because they have already been offset by sources other than the property tax or general aid:

- Auxiliary operations such as bookstores and cafeterias;
- Community service programs, which are primarily avocational courses;
- Federal aid;
- Student tuition and fees;
- State categorical aids; and
- Revenues from business and high school contracts.

2. Full-Time Equivalent Students. The equalization factor of the general aid formula requires a calculation of full-time equivalent students enrolled in post-secondary, vocational-adult and collegiate transfer courses. Headcount enrollments do not provide an accurate reflection of the number of students pursuing full-time programs due to the system's large number of part-time students and short course offerings.

3. Equalization Index. The equalization index compares the current year value of taxable property (as equalized by the Department of Revenue) behind each FTE student in a district to the statewide average. If a district's per student valuation exceeds the statewide average, the index will be less than 1.0; if a district's per student valuation is lower than the statewide average, the index will be greater than 1.0. A district with an equalization index greater than 1.0 would receive

more than the statewide average reimbursement under the aid formula. The equalized index is multiplied by the district's aidable cost resulting in an equalized aidable cost figure.

4. Nonstatutory Percentage Factor. Current law does not require that a given percentage of district aidable cost be reimbursed under the formula. The percentage of cost that is reimbursed each year is calculated by dividing the total amount available for general aid into the total equalized aidable cost. In 2007-08, 14.37% of total equalized aidable cost (or 15.54% of aidable cost prior to application of the equalization indices) was supported by general aid.

Sample Aid Calculation

The following provides an example of the computation of general aid for Moraine Park Technical College based on 2007-08 data.

1. Aidable cost equals \$35,087,754.
2. District equalized valuation per FTE student equals \$7,848,526.
3. Statewide equalized valuation per FTE student equals \$7,050,739.
4. $\frac{\$7,050,739}{\$7,848,526} = 0.89835$ which is the district's equalization index.
5. 0.89835 times \$35,087,754 equals the district's equalized aidable cost of \$31,521,084.
6. The total amount available for general aid (\$118,415,000) is divided into the statewide equalized aidable cost of \$824,196,277 to yield 14.37%.
7. The district's equalized aidable cost of

\$31,521,084 is multiplied by 14.37% to yield \$4,528,700, the district's estimated state aid entitlement for 2007-08.

Aid Variations Among Districts

The two primary factors which determine the level of state aid received by a district under the formula are the level of aidable cost and the equalization index. District aidable cost levels are affected by various characteristics of a district and its programs, including student enrollments and the design and cost of educational programs. In 2007-08, equalization indices ranged from 0.28803 at Nicolet to 1.62826 at Western.

Table 13 provides 2007-08 state aid estimates for each WTCS district. These figures will not be finalized until the completion of cost and FTE audits in June, 2009, when any necessary changes will be made by adjusting 2008-09 aid payments.

Incorporation of the equalization factor under the aid formula results in the provision of general aid to individual districts at varying levels. In 2007-08, the proportion of aidable cost funded through state aid varied from 4.1% at Nicolet to 23.4% at

Western, with a statewide average of 15.5%. It should be noted that these aid estimates use preliminary equalized valuation estimates, which may differ from the actual valuations.

The payment of state aid is based on estimated enrollment and cost data for the current fiscal year. According to a WTCS Board rule, 85% of general aid is distributed to districts between July and February of each fiscal year. The remaining 15% is withheld by the Board for distribution in June in the event that adjustments need to be made in payments to districts based on revised enrollment and cost data. Because general aid is adjusted on the basis of audited cost and enrollment data, variations between aid estimates and actual amounts paid to any one district can occur. For example, a change in the FTE enrollment for one district can affect the computation of the equalization index and, therefore, aid levels in all districts.

Tax Base Equalization

A measure of the relative financial ability of WTCS districts to generate local funds from property taxes is incorporated under the general

Table 13: State General Aid to WTCS Districts -- 2007-08 Estimates as of November 2008

	2007 Equalized Valuation	2007-08 FTEs	Equalized Value/ FTE	Equali- zation Index	2007-08 Net Aidable Cost	Equalized Aidable Cost	State Aid	Ratio of Aid to Net Cost
Blackhawk	\$11,639,724,842	1,902	\$6,118,357	1.15239	\$22,182,929	\$25,563,386	\$3,672,800	16.6%
Chippewa	20,427,888,198	4,599	4,441,811	1.58736	39,771,574	63,131,806	9,070,400	22.8
Fox Valley	32,345,897,556	6,009	5,382,864	1.30985	65,861,508	86,268,696	12,394,500	18.8
Gateway	42,792,958,057	4,831	8,858,034	0.79597	54,317,591	43,235,173	6,211,700	11.4
Lakeshore	13,808,599,622	2,065	6,685,969	1.05456	23,035,029	24,291,820	3,490,100	15.2
Madison	69,332,708,114	9,334	7,427,935	0.94922	93,078,460	88,351,936	12,693,800	13.6
Mid-State	12,217,624,713	2,092	5,839,532	1.20742	21,145,858	25,531,932	3,668,300	17.3
Milwaukee	79,312,102,014	12,554	6,317,815	1.11601	152,756,932	170,478,264	24,493,200	16.0
Moraine Park	24,250,455,471	3,090	7,848,526	0.89835	35,087,754	31,521,084	4,528,700	12.9
Nicolet	18,429,049,408	753	24,479,263	0.28803	15,239,451	4,389,419	630,600	4.1
Northcentral	14,893,535,215	2,929	5,084,138	1.38681	30,815,373	42,735,067	6,139,900	19.9
Northeast WI	36,061,474,760	6,420	5,616,873	1.25528	62,875,807	78,926,743	11,339,700	18.0
Southwest WI	7,062,168,878	1,592	4,435,515	1.58961	16,329,146	25,956,974	3,729,300	22.8
Waukesha Co.	52,512,450,897	4,068	12,907,142	0.54627	57,356,859	31,332,331	4,501,600	7.8
Western	15,943,389,814	3,682	4,330,216	1.62826	38,206,480	62,210,083	8,937,900	23.4
WI Indianhead	<u>34,156,534,428</u>	<u>2,892</u>	11,810,766	0.59698	<u>33,956,854</u>	<u>20,271,563</u>	<u>2,912,500</u>	8.6
Total	\$485,186,561,987	68,814	\$7,050,739		\$762,017,605	\$824,196,277	\$118,415,000	15.5%

aid formula through the equalization index. The principle behind the equalization formula is that those districts with relatively high property valuations behind each student generate more property tax revenue at a given mill rate and, therefore, should receive less state aid per student than districts with relatively low valuations per student. For example, Waukesha, which has a higher-than-average property valuation behind each student, receives less state aid than it would if there was no equalization index. In 2007-08, Waukesha would have received about \$8.9 million in state aid on a straight percentage reimbursement basis based on its net aidable cost, but due to the equalization index, its aid payment was \$4.5 million. On the other hand, Western, which has the lowest property valuation behind each student, would have received about \$5.9 million if all districts were provided an equal percentage of cost, but instead received \$8.9 million because of the equalization index.

The general aid formula provides only partial equalization. Full equalization would imply that two districts with the same cost per student would have the same mill rates. In fact, mill rates between two districts with similar costs per student can vary substantially.

The primary reason why the general aid formula provides for less than full equalization is that the application of the equalization index

assures the provision of state aid to all districts. No matter how much greater a district's property valuation per student is than the statewide average, the district will always receive some aid under the formula.

Another reason for partial equalization is that any nonaidable costs that are not funded by some other source, such as federal revenue, tuition and fees or user charges must be funded in full by the property tax. Therefore, to the extent that a district has costs that are not eligible for state aid (primarily community service programs), its fiscal capacity is not totally equalized. Districts with higher-than-average property values are in a better position to finance those costs because they can tax at a lower tax rate than districts with lower-than-average property values.

Due to the geographic size and composition of the state's 16 WTCS districts, there is not as much variation in valuations per student as compared to K-12 school districts. For example, in 2007-08, WTCS district valuations per FTE ranged from \$24,479,263 at Nicolet to \$4,330,216 at Western, a difference of approximately 5.7 to 1. For the same year, adjusted school district valuations per pupil ranged from \$7,767,280 to \$203,555, a difference of 38.2 to 1 (excluding the Norris School District, a unique residential school with 74 pupils deriving nearly all its revenues from state and federal aid).

APPENDIX II

Incentive Grants

Under the incentive grants program, created in 1985-86, the WTCS Board may award supplemental funding to WTCS districts or consortia of districts under five different grant categories. These categories include basic skills, emerging occupations, declining fiscal capacity, technology transfer, and programs in juvenile correctional facilities. Incentive grants cannot be used to replace funds otherwise available for such programs. In addition, the following conditions and limitations are placed on the grant program:

a. Districts are required to provide local funds to match awards (ranging from 25% to 75% of total project cost) for emerging occupations and technology transfer grants. The WTCS Board is required to determine the amount of the match for grants awarded to combinations of districts for projects that support regional or statewide activities. No local match is required for basic skills, declining fiscal capacity, and juvenile correctional facilities program grants.

b. Adult basic education and declining fiscal capacity grants may be awarded on a continuing basis if funds are available.

c. Emerging occupations and technology transfer grants may be awarded for up to three years if funds are available.

d. No more than 25% of the total annual amount awarded may be used for equipment purchases.

e. No more than \$1,500,000 of the total appropriation may be awarded for declining fiscal capacity grants.

f. The amount provided for basic skills grants must be at least \$1,500,000 above the

amount provided for this category in 1988-89 (approximately \$2 million).

g. Beginning in 1991-92, \$100,000 annually must be awarded as emerging occupation grants for nurse training programs.

h. No more than \$150,000 annually may be awarded for the creation or expansion of programs at secured juvenile correctional facilities.

Further, current law requires that each September 1, districts must submit a report to the WTCS Board regarding attainment of goals stated in their grant applications. This report may be used to evaluate the district's grant program, but is not submitted in time for use in determining whether a grant will be awarded for a second year.

Current law requires that the Board develop and implement an audit program to assess the effectiveness of the grants in attaining the intended goals. The agency complies with this requirement by monitoring and evaluating each grant on a case-by-case basis. Each grant is monitored and reviewed annually by a staff member assigned to the project. Staff members visit, write, or call a district to determine if the approved activities are being carried out and funds are being used in accordance with the final grant award. If districts are not meeting grant requirements, they are notified to make modifications. At the end of a project year, an audit is conducted. If the review is unfavorable, future funding could be reduced or denied.

Incentive grants are funded through a continuing appropriation; therefore, unexpended funds are carried over to the next fiscal year. Carryovers can occur for a number of reasons. For example, district programs for which awards are

made are sometimes delayed or canceled due to varying circumstances, resulting in funds being returned by the districts. In other cases, districts may overestimate expenses when applying for a grant, or use the grant funds conservatively so as not to overspend. The timing of the awards can also be a significant factor in the amount of carryover. While most grants are awarded in the spring, the amount carried over from the prior fiscal year and therefore available for expenditure in the current year, is not usually known until October, when it is too late to begin new programs.

Grant Activities

1. Basic Skills Grants. These grants are awarded for the creation or expansion of: (a) adult high school; (b) adult basic education; or (c) English as a second language programs. Workplace literacy and adult literacy programs are included in these grants. Priority in grant selection is given to programs that are new in a district, or new to a geographic region within a district and to courses serving minority, unemployed, disadvantaged, or handicapped students. Grant funds may not be used for administrative purposes.

The three basic skills areas for which grants are provided are:

a. **Adult High School:** A course of study through which an adult may earn a high school diploma granted by a local public high school. Proficiency testing, together with an assessment of the individual's prior education, work experience and/or military experience provide the framework for classroom instruction.

b. **Adult Basic Education:** An instructional program designed to provide basic skills in language arts, sciences and mathematics for adults who have less than a 12th grade level of education. The emphasis is to assist individuals to become eligible to enter and progress in an occupational program, become employable, and/or complete a high school education.

c. **English as a Second Language (ESL):** A course of study that facilitates the learning of how to read, write and/or speak English for individuals whose native language is not English. Academic and tutorial instruction is provided to assist the ESL student to make the cultural and/or language transition.

2. Grants for New and Emerging Occupations. These grants are awarded to a district or consortia of districts for: (a) development of programs new to the state or district or of state-approved advanced technical certificates which meet the knowledge and skill requirements of emerging occupations; (b) modification of existing programs to meet the new knowledge and technical skill requirements of emerging occupations in a district, region of the state, or state; (c) expansion of existing programs that meet the knowledge and technical skill requirements of emerging occupations in a district; (d) new programs for the classroom-related instruction of apprentices and the upgrading of journeymen; and (e) purchase or lease of high-cost instructional equipment necessary for the operation of programs to meet emerging occupational needs under (a), (b), or (c) above. Grants may be awarded for no more than three years and a local match (25% to 75% of total project cost) is required. The WTCS Board has indicated that the districts' required match may not be in-kind.

3. Grants for Technology Transfer. The 1991-93 biennial budget act created the technology transfer program as a component of the incentive grants. Under this program, grants are provided to WTCS districts to assist business and industry in adopting and implementing new technology. Preference is given to small- and medium-sized businesses.

4. Grants for Programs at Juvenile Correctional Facilities. The 1997-99 biennial budget act expanded the incentive grants program to include grants for the creation or expansion of educational programs at secured juvenile correctional facilities. A grant of \$50,000 was awarded to Northcentral in

2003-04 for the Lincoln Hills program.

Under 2007 Act 20, the WTCS Board is required, on a one-time basis, to allocate \$194,000 in 2008-09 from incentive grants funding to Northcentral Technical College to implement a dairy science associate degree program. Northcentral is required to provide matching funds of at least \$65,000 in order to receive this allocation.

Application and Award Process

Annually, the WTCS Board issues grant guidelines and a request for proposals to local WTCS districts for the various categories of incentive

grants. The initial review of a grant application is conducted by appropriate WTCS staff or staff committees. The staff make recommendations regarding approval, denial, and funding level to the agency's division administrators and the System President, who may accept, reject or modify the recommendations. The final recommendations are then presented for WTCS Board approval.

Table 14 shows incentive grants awarded to WTCS districts in 2007-08. Amounts do not necessarily reflect final expenditures, because districts return to the WTCS Board unused portions of awards for projects that come in under budget.

Table 14: Incentive Grants -- 2007-08 Awards by District

District	Basic Skills	New Emerging Occupations	Total	% of Total
Blackhawk	\$208,400	\$107,400	\$315,800	5.4%
Chippewa	107,500	270,100	377,600	6.5
Fox Valley	274,200	176,900	451,100	7.7
Gateway	303,900	0	303,900	5.2
Lakeshore	226,900	531,600	758,500	13.0
Madison	271,700	77,700	349,400	6.0
Mid-State	112,600	122,200	234,800	4.0
Milwaukee	656,400	126,700	783,100	13.4
Moraine Park	199,800	175,400	375,200	6.4
Nicolet	74,200	57,400	131,600	2.3
Northcentral	155,300	0	155,300	2.7
Northeast WI	275,600	131,300	406,900	7.0
Southwest WI	111,400	262,000	373,400	6.4
Waukesha Co	240,000	133,600	373,600	6.4
Western WI	132,500	99,700	232,200	4.0
WI Indianhead	<u>92,900</u>	<u>129,600</u>	<u>222,500</u>	<u>3.8</u>
Total	\$3,443,300	\$2,401,600	\$5,844,900	100.0%

APPENDIX III

Tuition and Other Fees

Tuition Formula

Tuition for the WTCS is established using a formula consisting of the following three factors:

1. Statutory Percentage. The statutes set the percentage of cost to be raised through tuition. There are currently two different percentages used in establishing tuition: at least 14% for post-secondary (excluding collegiate transfer) and vocational-adult (PS/VA) courses; and at least 31% for collegiate transfer (CT) courses.

2. Operational Costs. These are the costs to the districts of providing PS/VA and CT courses. Operational costs include the provision of instruction, instructional resources, student services, research, physical plant, and administration. The statutes define operational costs, for the purpose of calculating tuition, to mean only those costs that are funded by tuition, state aid, and property tax revenues.

3. Full-Time Equivalent Students (FTEs). In order to provide an accurate estimate of the workload in the Technical College System, an FTE, rather than headcount, methodology is used. However, not all FTE students are included when calculating tuition as the result of statutory or administrative exemptions. Total tuition-paying (nonexempt) FTE students for the forthcoming year in PS/VA courses are estimated by using the ratio of nonexempt FTEs to total FTEs for the previous year. This percentage is applied to the total FTEs projected for the upcoming year to derive the number of FTEs who will be assessed tuition. All FTEs are used for the collegiate transfer tuition calculation.

Tuition for resident students is calculated using the following equation:

$$[(\text{Operational Costs} \times \text{Target Tuition Recovery Rate \%}) \div \text{Number of FTEs}] \div 30 \text{ credits} = \text{Per credit Tuition}$$

It was estimated that, for 2008-09, PS/VA operational costs would be \$840,007,800 with 52,125 FTE students paying tuition. Collegiate transfer costs were projected to be \$68,127,100 with 6,420 FTE students. The Board decided on a target recovery rate of 18.1% of PS/VA operational costs. Thus, using the formula above, PS/VA tuition was calculated to be:

$$(\$840,007,800 \times 0.181) / (52,125 \text{ FTE}) \div 30 =$$

\$97.05 per credit (or \$2,911.50 annually for a full-time student)

The Board decided to recover 37.2% of the collegiate transfer costs, thus collegiate transfer tuition was calculated to be:

$$(\$68,127,100 \times 0.372) / (6,420 \text{ FTE}) \div 30 =$$

\$131.50 per credit (or \$3,945 annually for a full-time student)

Out-of-state students must pay an additional charge unless they are subject to a reciprocity agreement, which is discussed later in this appendix. The total amount equals 100% of the statewide cost per FTE student for operating the programs in which they are enrolled. In 2008-09, nonresident tuition equaled \$594.25 per credit for PS/VA (\$17,827.50 annually) and \$365.55 for collegiate transfer (\$10,966.50 annually).

Although tuition is designed to recover a specified amount of operational costs statewide, the actual percentages can vary due to unanticipated changes in enrollments and costs.

Student Materials Fees

Annually, the WTCS Board sets uniform materials fees for all students in specific course categories to cover the costs of consumable materials. The fees are in addition to tuition and apply to avocational, vocational-adult, post-secondary, and collegiate transfer courses, although some community services courses have no materials fees. Lower materials fees are charged for courses with few consumable goods such as business, home economics, technical, or general education courses. Higher fees are charged in agricultural, industrial, and service and health occupations courses. Registration, parking, and book fees policies vary by district.

Reciprocity Agreements

The WTCS currently has reciprocity agreements with institutions in four states: Minnesota,

Michigan, Illinois and Iowa. These agreements were instituted to allow students in state border communities to attend institutions that are more conveniently located or that offer programs not available in the student's home district.

Only the Minnesota agreement is systemwide. In other words, Minnesota residents may attend any WTCS institution and pay the tuition rate charged to Wisconsin residents. The other agreements are between individual community colleges in those states and certain WTCS districts. Gateway, Blackhawk, Chippewa Valley, Southwest, Nicolet, Indianhead, and Northeast each participate in agreements with one or more community colleges in Michigan, Illinois, and/or Iowa. Additional information on these agreements is contained in the Legislative Fiscal Bureau's informational paper entitled, "Education and Income Tax Reciprocity Agreements."

APPENDIX IV

WTCS Districts

District Name	Main Campus	Counties Wholly or Partially Included Within District
Blackhawk	Janesville	Green, Rock
Chippewa Valley	Eau Claire	Buffalo, Chippewa, Clark, Dunn, Eau Claire, Jackson, Pepin, Pierce, St. Croix, Taylor, Trempealeau
Fox Valley	Appleton	Brown, Calumet, Manitowoc, Outagamie, Shawano, Waupaca, Waushara, Winnebago
Gateway	Kenosha	Kenosha, Racine, Walworth
Lakeshore	Cleveland	Calumet, Manitowoc, Ozaukee, Sheboygan
Madison	Madison	Adams, Columbia, Dane, Dodge, Green, Iowa, Jefferson, Juneau, Marquette, Richland, Rock, Sauk
Milwaukee	Milwaukee	Milwaukee, Ozaukee, Washington, Waukesha
Moraine Park	Fond du Lac	Calumet, Dodge, Fond du Lac, Green Lake, Marquette, Sheboygan, Washington, Waushara, Winnebago
Mid-State	Wisconsin Rapids	Adams, Clark, Jackson, Juneau, Marathon, Portage, Waushara, Wood
Nicolet	Rhineland	Forest, Iron, Langlade, Lincoln, Oneida, Vilas
Northcentral	Wausau	Clark, Langlade, Lincoln, Marathon, Menominee, Portage, Price, Shawano, Taylor, Waupaca
Northeast	Green Bay	Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Oconto, Shawano, Outagamie
Southwest	Fennimore	Crawford, Grant, Green, Iowa, Lafayette, Richland, Sauk, Vernon
Waukesha	Pewaukee	Dodge, Jefferson, Racine, Waukesha
Western	La Crosse	Buffalo, Crawford, Jackson, Juneau, LaCrosse, Monroe, Richland, Trempealeau, Vernon
Indianhead	Shell Lake	Ashland, Barron, Bayfield, Burnett, Douglas, Iron, Polk, Rusk, St. Croix, Sawyer, Washburn