



Wisconsin Technical
College System

Informational
Paper
31

Wisconsin Legislative Fiscal Bureau

January, 2019

Wisconsin Technical College System

Prepared by

Christa Pugh

Wisconsin Legislative Fiscal Bureau
One East Main, Suite 301
Madison, WI 53703
<http://legis.wisconsin.gov/lfb>

TABLE OF CONTENTS

System Overview	1
Wisconsin Technical College System (WTCS) Board Organization.....	1
District Board Organization.....	2
Programs and Enrollments.....	3
System Finance.....	5
Property Taxes.....	6
State Aid.....	9
Tuition Revenues	13
Tuition Remissions.....	15
Federal Aid.....	16
Self-Financing Operations and Miscellaneous Revenue	16
Appendix I State General Aid Formula	18
Appendix II WTCS Districts	21

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 III, and has 48 main and satellite campuses that serve approximately 315,000 people annually.

This paper is divided into two sections and contains three 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 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 56 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. There are two division administrator positions 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, with the exception of the board of the Milwaukee Area Technical College, 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 member of the board. 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.

For the Milwaukee district board, under 2011 Act 286, seven of the nine members must be residents of Milwaukee County. Five members

must represent employers, three of whom must represent employers with 15 or more employees, and two of whom must represent employers with 100 or more employees. In addition, of the five members representing employers, at least two members must represent employers who are manufacturing businesses. Under 2015 Act 55, a person representing an employer is required to have at least two years of experience managing a business entity, nonprofit organization, credit union, or cooperative association with at least 15 employees or at least two years of experience managing the finances or hiring of personnel of a business entity, nonprofit organization, credit union, or cooperative association with at least 100 employees. Finally, the Milwaukee board must include one school district administrator, one state or local elected official, and two additional members.

Appointments to the district boards are made by local committees that consist of county board chairs in 13 districts and school board presidents in two (Southwest and Fox Valley). In general, 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 exception is that for Milwaukee, under 2011 Act 286, the appointment committee consists of the Milwaukee county executive and the chairpersons of the Milwaukee, Ozaukee, and Washington county boards. Prior to Act 286, the district's school board presidents composed the Milwaukee appointment committee. 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. The district board representation plan and 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 2017-18, five districts offered such a program (Chippewa Valley, Madison, Milwaukee, Nicolet and Western), and state law limits the program's size to no more than 25% of the total credit hours offered by the district.

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 2017-18 academic year by program classification. 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 81.2% (Nicolet) to a high of 93.5% (Northeast WI); the statewide average is 89.7%. Of the total FTE students enrolled in continuing education courses, 4,505 (66.7%) took courses primarily related to basic skills education

Table 1: Full-Time Equivalent (FTE) Students 2017-18 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
Blackhawk	0	1,295	314	1,609	91.8	143	8.2	1,752	2.7%
Chippewa Valley	376	3,010	614	4,000	93.3	287	6.7	4,287	6.5
Fox Valley	0	4,898	694	5,592	86.8	853	13.2	6,445	9.8
Gateway	0	4,183	533	4,716	92.2	401	7.8	5,117	7.8
Lakeshore	0	1,389	260	1,649	87.9	228	12.1	1,877	2.9
Madison Area	3,236	4,487	698	8,421	91.7	761	8.3	9,182	14.0
Mid-State	0	1,493	213	1,706	93.2	124	6.8	1,830	2.8
Milwaukee Area	2,569	5,324	894	8,787	87.4	1,272	12.6	10,059	15.3
Moraine Park	0	1,933	421	2,354	84.2	442	15.8	2,796	4.3
Nicolet Area	226	436	53	715	81.2	166	18.8	881	1.3
Northcentral	0	2,747	234	2,981	85.0	525	15.0	3,506	5.3
Northeast WI	0	5,363	846	6,209	93.5	434	6.5	6,643	10.1
Southwest WI	0	1,077	298	1,375	88.1	185	11.9	1,560	2.4
Waukesha Co.	0	3,080	493	3,573	91.5	332	8.5	3,905	6.0
Western	294	2,478	354	3,126	90.6	326	9.4	3,452	5.3
WI Indianhead	0	1,428	560	1,988	87.8	277	12.2	2,265	3.5
Total	6,701	44,621	7,479	58,801	89.7	6,756	10.3	65,557	100.0%

and courses for hearing or visually impaired individuals. A total of 2,041 FTE students (30.2%) were enrolled in vocational-adult courses while 207 FTE students (3.1%) 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.

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 2017-18 headcount enrollments to FTE students for each district. The number of students that equal one FTE varies among districts (from 3.3 to 8.7), with a statewide average of 4.8.

Table 3 shows statewide FTE enrollments for 2008-09 through 2017-18. Since 2008-09, FTE enrollment in the system has decreased by 8,412 FTEs or 11.4%, after rising in 2009-10 and 2010-11 in the midst of a severe economic recession,

Table 2: Headcount as Compared to FTE Enrollment 2017-18 Academic Year

District	Headcount	FTEs	Headcount Per FTE
Blackhawk	7,872	1,752	4.5
Chippewa Valley	18,083	4,287	4.2
Fox Valley	51,524	6,445	8.0
Gateway	20,509	5,117	4.0
Lakeshore	10,550	1,877	5.6
Madison Area	34,145	9,182	3.7
Mid-State	7,519	1,830	4.1
Milwaukee Area	32,876	10,059	3.3
Moraine Park	16,826	2,796	6.0
Nicolet Area	5,673	881	6.4
Northcentral	19,071	3,506	5.4
Northeast WI	30,503	6,643	4.6
Southwest WI	7,473	1,560	4.8
Waukesha Co.	20,111	3,905	5.2
Western	12,383	3,452	3.6
WI Indianhead	<u>19,717</u>	<u>2,265</u>	8.7
Total	314,835	65,557	4.8

followed by declines in every year since 2010-11. In general, FTE enrollments tend to vary inversely with state and local economic conditions. During 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.

Table 3: Statewide FTE Enrollment, 2008-09 to 2017-18

	FTEs	% Change
2008-09	73,969	---
2009-10	82,842	12.0%
2010-11	83,921	1.3
2011-12	80,068	-4.6
2012-13	77,679	-3.0
2013-14	74,480	-4.1
2014-15	71,358	-4.2
2015-16	68,371	-4.2
2016-17	65,890	-3.6
2017-18	65,557	-0.5

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 2017-18. Table 5 provides a breakdown of revenue sources from 2008-09 through 2017-18. Each of these sources is detailed in the following sections.

Table 4: WTCS District Revenues -- 2017-18 (\$ in Millions)

	Amount	% of Total
Property Taxes	\$446.6	28.5%
State Aid	518.0	33.0
Tuition and Fees	258.1	16.5
Federal Aid	46.4	3.0
Self-Financing/ Miscellaneous	<u>299.1</u>	<u>19.1</u>
Total	\$1,568.2	100.0%

Note: Excludes revenues from increases or decreases in fund balance and proceeds from debt.

System Finance

WTCS districts receive funding from five ma-

The expenditures supported by WTCS revenues can be expressed in a variety of ways but are most commonly divided into operational and non-operational costs. Operational costs are those attributable to providing educational services re-

Table 5: WTCS District Revenues 2008-09 through 2017-18 (\$ in Millions)

Year	Property Taxes		State Aid*		Tuition & Fees		Federal**		Other***		Total	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
2008-09	\$714.6	5.0%	\$135.2	-1.1%	\$217.8	12.0%	\$49.1	-0.4%	\$272.6	1.1%	\$1,389.3	4.4%
2009-10	742.6	3.9	137.0	1.3	259.0	18.9	58.0	18.1	275.9	1.2	1,472.5	6.0
2010-11	757.3	2.0	137.0	0.0	276.1	6.6	54.6	-5.9	282.2	2.3	1,507.2	2.4
2011-12	771.3	1.8	101.2	-26.1	279.0	1.1	48.0	-12.1	287.2	1.8	1,486.7	-1.4
2012-13	786.8	2.0	101.4	0.2	280.2	0.4	51.8	7.9	301.5	5.0	1,521.8	2.4
2013-14	796.7	1.3	102.9	1.5	281.3	0.4	55.2	6.6	297.5	-1.3	1,533.6	0.8
2014-15	407.1	-48.9	508.9	394.6	273.8	-2.7	59.2	7.2	316.8	6.5	1,565.8	2.1
2015-16	416.7	2.4	513.8	1.0	264.6	-3.4	61.5	3.9	293.9	-7.2	1,550.5	-1.0
2016-17	434.1	4.2	517.7	0.8	260.0	-1.7	55.1	-10.4	273.1	-7.1	1,540.0	-0.7
2017-18	446.6	2.9	518.0	0.1	258.1	-0.7	46.4	-15.8	299.1	9.5	1,568.2	1.8

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

**Only shows federal aid not distributed as student financial aid.

***Self-financing operations, aids to individuals and organizations, funds from other state agencies, and miscellaneous revenues.

ardless of funding source. These costs include instruction, instructional resources, student services, physical plant, and general/administrative costs. Nonoperational costs are other costs to the districts such as debt service. A breakdown of these costs for 2017-18 is shown in Table 6. The difference between total system costs (\$1,540.4 million) and total revenues (\$1,568.2 million) in 2017-18 will result in revenues being carried over as fund balances, which will be available for expenditure in the current year.

Table 6: WTCS District Costs – 2017-18
(\$ in Millions)

	Amount	% of Total
Operational Costs		
Instruction	\$699.6	45.4%
Instructional Resources	24.6	1.6
Student Services	120.5	7.8
General/Administrative	152.0	9.9
Physical Plant	89.4	5.8
Nonoperational Costs		
Debt Service	218.8	14.2
Other*	<u>235.5</u>	<u>15.3</u>
Total	\$1,540.4	100.0%

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

Property Taxes

In 2017-18, property taxes accounted for 28.5% of technical college system revenues. Prior to 2014-15, the property tax was the largest source of revenue for the Technical College System. Between 2008-09 and 2013-14, the property tax represented between 50.2% and 51.9% of total system revenues. Following the implementation of 2013 Act 145, which provided \$406 million annually for property tax relief aid associated with the WTCS levy, the percentage of revenues funded by property taxes decreased to around 28% of the total.

Each district is prohibited from increasing its revenue in any year by a percentage greater than the district's valuation factor. The valuation factor

is defined as the greater of either zero percent or the percentage change in the district's January 1 equalization value due to the aggregate new construction, less improvements removed, in municipalities located in the district between the previous year and the current year, as defined by the Department of Revenue. For purposes of this revenue limit, revenue is defined as the sum of the tax levy and state property tax relief aid. State general and categorical aids are not counted towards the revenue limit. The limit also excludes taxes levied for the purpose of paying principal and interest on valid bonds and notes, other than noncapital notes.

If a district's allowable revenue is greater than its actual revenue in any year, that district's revenue limit in the following school year may increase by the difference between the prior year's actual and allowable revenue, up to a maximum increase of 0.5% of the actual revenue in that year if approved by the district board in a three-fourths vote. Exemptions are also provided for refunded or rescinded property taxes, if those taxes resulted in a redetermination of the district's equalized valuation by DOR.

Under 2017 Act 59, personal property, classified as machinery, tools, and patterns not used for manufacturing purposes was exempted from property taxes. Beginning in 2018-19, state aid is paid to local units of government, including technical college districts, to replace tax revenues from this exemption. In 2018-19, technical college districts received \$2.9 million in personal property aid, which offset the operating levy by an equal amount.

Table 7 shows the previous year's operating levy and valuation factor used to calculate the revenue limit for each district in 2018-19. Allowed revenue for each district equals the 2017-18 operating levy increased by a percentage equal to the district's valuation factor. Revenue subject to the revenue limit includes the district's operating tax levy, \$406 million of state property tax relief aid and personal property aid.

Table 7: Total Allowed and Actual Revenue By District - 2018-19

	2017-18			2018-19							
	Allowed Revenue	Actual Revenue	Carryover to 2018-19	Valuation Factor	Allowed Revenue	Actual Revenue				Actual Revenue Over/Under Allowed Revenue	Total Over/Under with Carryover
						Operating Levy	Property Tax Relief	Personal Property Aid	Total		
Blackhawk	\$16,752,853	\$16,752,853	\$0	0.01259	\$16,963,704	\$ 7,065,104	\$ 9,797,362	\$ 131,309	\$ 16,993,776	\$30,071	\$30,071*
Chippewa Valley	31,896,309	31,896,309	0	0.02208	32,600,541	14,127,687	18,322,299	150,555	32,600,541	0	0
Fox Valley	51,990,695	51,990,695	0	0.01666	52,856,621	23,560,208	29,119,516	236,127	52,915,851	59,230	59,231*
Gateway	53,993,610	53,993,610	0	0.01753	54,939,945	21,963,642	32,703,691	272,612	54,939,945	0	0
Lakeshore	18,592,965	18,779,966	0	0.01390	18,851,450	6,907,161	11,877,887	66,403	18,851,452	1	1
Madison Area	101,762,558	101,762,557	1	0.02216	104,017,351	42,740,449	60,894,211	482,340	104,117,000	99,649	99,650*
Mid-State	17,291,868	17,291,868	0	0.01672	17,580,979	6,832,678	10,654,707	93,596	17,580,980	1	1
Milwaukee Area	108,554,844	108,554,844	0	0.01463	110,142,882	49,246,924	60,415,804	480,153	110,142,882	0	0
Moraine Park	31,829,673	31,829,673	0	0.01446	32,289,873	11,451,335	20,713,698	128,022	32,293,056	3,183	3,183*
Nicolet Area	18,647,022	18,647,022	0	0.00739	18,784,788	3,986,353	14,781,642	16,794	18,784,788	0	1
Northcentral	23,521,688	23,521,688	0	0.01347	23,838,429	10,459,743	13,229,408	149,278	23,838,429	0	0
Northeast WI	46,314,535	46,379,039	0	0.01525	47,020,966	15,340,619	31,553,727	191,124	47,085,469	64,503	64,503*
Southwest WI	11,556,514	11,556,513	1	0.01584	11,739,543	5,171,722	6,528,192	75,397	11,775,311	35,769	35,769*
Waukesha Co.	54,876,837	54,401,721	272,009	0.01561	55,251,073	11,658,767	43,219,314	138,768	55,016,849	- 234,224	- 506,233
Western	26,889,897	26,889,897	0	0.01603	27,321,028	11,861,304	15,186,143	273,581	27,321,028	0	0
WI Indianhead	32,795,541	32,795,541	0	0.01065	33,144,810	6,091,519	27,002,399	50,893	33,144,810	0	0

*2018-19 amount over allowed revenue includes allowable levy increase due to refunded or rescinded taxes.

If a district board wishes to exceed the revenue limit, the board is required to submit a proposed excess levy for a referendum. A referendum by Blackhawk Technical College to exceed its revenue limit, the first operational referendum to be requested by a technical college, was rejected by voters in August, 2014. If a district's board exceeds its revenue limit without requesting a referendum, the WTCS Board is required to reduce state general aid payments by an amount equal to the amount of the excess revenue, ensuring that the amount of excess revenue is not included in determining the revenue limit for the following year and continuing to subtract excess revenue from state aid payments in future years if necessary, except under certain circumstances related to clerical errors.

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 \$1,500,000, 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 \$1,500,000 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 \$1,500,000. Between 1990 and the fall of 2018, 15 debt levy referendums were approved by voters and five referendums were denied.

Under 2011 Act 32, the referendum requirement for capital expenditures over \$1.5 million does not apply to the portion of a capital expenditure funded with student housing payments for the purchase, construction, or lease/purchase of a student residence facility, if the district board uses no revenue derived from its tax levy, state aid, or tuition for the acquisition of the facility. In addition, under 2013 Act 20, the referendum requirement does not apply to capital expenditures of up to \$2,500,000 if the district board receives an equal amount of federal funds for the project

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 2008-09 through 2018-19. The total levy generally increased from year to year with changes in districts' property values and valuation factors. From 2008-09 through 2013-14, property values declined each year, and the total levy increased at an annualized growth rate of 2.2%. In 2014-15, when \$406 million of property tax relief aid was distributed to districts, the levy was reduced by 48.9% compared to 2013-14.

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

	Operational Levy			Debt Levy			Total Levy		
	Amount	% Change	Mill Rate	Amount	% Change	Mill Rate	Amount	% Change	Mill Rate
2008-09	\$591.3	5.4%	1.18	\$123.3	3.1%	0.25	\$714.6	5.0%	1.43
2009-10	613.0	3.7	1.24	129.6	5.1	0.26	742.6	3.9	1.50
2010-11	621.4	1.4	1.29	136.0	4.9	0.28	757.3	2.0	1.58
2011-12	617.2	-0.7	1.31	154.0	13.3	0.33	771.3	1.8	1.63
2012-13	610.2	-1.1	1.34	176.6	14.7	0.39	786.8	2.0	1.72
2013-14	613.5	0.5	1.36	181.6	2.8	0.40	796.7	1.3	1.76
2014-15	215.6	-64.9	0.47	191.5	5.5	0.41	407.1	-48.9	0.88
2015-16	222.6	3.2	0.47	194.1	1.4	0.41	416.7	2.4	0.88
2016-17	230.9	3.7	0.47	203.1	4.6	0.42	434.1	4.2	0.89
2017-18	241.0	4.4	0.48	205.5	1.2	0.41	446.5	2.9	0.88
2018-19	248.5	3.1	0.47	208.7	1.6	0.39	457.2	2.4	0.86

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

District	2017-18				2018-19					
	Operational		Total*		Operational			Total*		
	Amount	Mill Rate	Amount	Mill Rate	Amount	% Change	Mill Rate	Amount	% Change	Mill Rate
Blackhawk	\$6.96	0.564	\$14.83	1.203	\$7.07	1.6%	0.543	\$14.88	0.3%	1.143
Chippewa Valley	13.57	0.575	20.37	0.863	14.13	4.1	0.571	20.93	2.7	0.846
Fox Valley	22.87	0.628	39.52	1.084	23.56	3.0	0.619	40.21	1.7	1.056
Gateway	21.29	0.520	33.21	0.812	21.96	3.1	0.508	34.78	4.7	0.804
Lakeshore	6.90	0.484	11.74	0.823	6.91	0.1	0.464	11.87	1.1	0.798
Madison Area	40.87	0.513	74.97	0.942	42.74	4.6	0.503	77.22	3.0	0.910
Mid-State	6.64	0.511	11.53	0.888	6.83	2.9	0.506	12.59	9.2	0.933
Milwaukee Area	48.14	0.661	91.64	1.257	49.25	2.3	0.651	92.75	1.2	1.226
Moraine Park	11.12	0.432	16.72	0.649	11.45	2.9	0.429	16.95	1.4	0.636
Nicolet Area	3.87	0.227	6.66	0.390	3.99	3.1	0.229	6.78	1.8	0.390
Northcentral	10.29	0.642	20.33	1.268	10.46	1.7	0.632	20.88	2.7	1.262
Northeast WI	14.83	0.381	32.58	0.838	15.34	3.4	0.382	33.10	1.6	0.824
Southwest WI	5.03	0.614	9.98	1.218	5.17	2.8	0.611	10.52	5.4	1.242
Waukesha Co.	11.18	0.206	19.98	0.369	11.66	4.3	0.206	20.45	2.4	0.362
Western	11.70	0.603	29.76	1.532	11.86	1.4	0.591	30.05	1.0	1.497
WI Indianhead	5.79	0.173	12.76	0.380	6.09	5.2	0.175	13.20	3.4	0.380
Statewide	\$241.05	0.476	\$446.58	0.882	\$248.47	3.1%	0.470	\$457.16	2.4%	0.865

*Total levy including debt service.

From 2014-15 to 2018-19, with property values increasing in each year and state property tax relief aid unchanged at \$406 million, the levy increased at an annualized growth rate of 2.9%.

Table 9 indicates each district's operational and total tax levy and mill rate for 2017-18 and 2018-19. The percent change in each district's 2018-19 levy from the 2017-18 amount is also shown.

State Aid

In 2017-18, state aid comprised 33.0% of technical college district revenues. A breakdown of actual state aid for 2017-18 and budgeted state aid for 2018-19 is shown in Table 10.

1. Property Tax Relief Aid. Of the \$1.03 billion in total direct state aid provided to WTCS districts in the 2017-19 biennium, \$812 million (or 78.4%) is designated as property tax relief aid. This aid is distributed to the districts on the third Friday in February. The percent of the funds re-

ceived by each district is determined using the ratio of the individual district's equalized value to the equalized value of all districts as of January 1, 2014. Property tax relief aid is counted under each district's revenue limit, and therefore each district's property tax relief aid reduces its operational levy by an equal amount.

2. General Aid. In the 2017-19 biennium, \$177.1 million is distributed as general,

Table 10: State Aid to WTCS Districts

State Aid Program*	2017-18 Actual	2018-19 Budgeted
Property Tax Relief Aid	\$406,000,000	\$406,000,000
General Aids	88,511,176	88,534,900
Grants to District Boards	22,558,479	21,874,200
Fire Schools (PR)	600,000	600,000
Grants to Meet Emergency		
Financial Need	319,998	320,000
Truck Driver Training (PR)	<u>75,359</u>	<u>150,000</u>
	\$518,065,012	\$517,479,100

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

unrestricted aids to partially equalize the fiscal capacities of the 16 WTCS districts. The majority of general aid (70% of 2018-19 general aid, or \$62.0 million) is distributed using a formula through which districts with less property valuation behind each student receive a higher percentage of their aidable costs 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. 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.

In 2018-19, the remaining 30% of general aid (or \$26.5 million) is distributed based on each district's performance on performance criteria described in state law. In 2014-15, 10% of state general aid was determined by performance, and that percentage increased to 20% in 2015-16 and 30% in 2016-17 and each year thereafter.

The performance measures include: (a) the placement rate of students in jobs related to students' programs of study; (b) the number of degrees and certificates awarded in high-demand fields, as determined by the Board and the Department of Workforce Development; (c) the number of programs or courses with industry-validated curriculum; (d) the transition of adult students from basic education to skills training; (e) the number of adult students served by basic education courses, adult high school or English language learning courses, or courses that combine basic skills and occupational training as a means of expediting basic skills remediation, and the success rate of adult students completing these courses; (f) participation in dual enrollment programs; (g) the workforce training provided to businesses and individuals; (h) participation in statewide or regional collaboration or efficiency

initiatives; (i) training or other services provided to special populations or demographic groups that can be considered unique to the district; and (j) the development and implementation of a policy to award course credit for relevant educational experience or training not obtained at an institution of higher education, including skills training received during military service.

Performance funding in each fiscal year is determined by the district's performance in the three previous fiscal years on seven of the ten performance criteria, to be selected by the district prior to the calculation of aid for each fiscal year. The State Board is responsible for designing a system to allocate the funds. The Board approved a plan for performance spending in March, 2014, and submitted a statutorily required report to the Joint Committee on Finance in April, 2014, defining the criteria for each performance measure and the formulas that will be used to allocate funding based on performance. The Board files annual reports with the Committee on this aid.

Table 11 shows total general aid to WTCS districts from 2008-09 through 2018-19. 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 percentage that general aid represents of aidable cost has declined by 5.6 percentage points since 2008-09 (from 15.0% to the current estimate of 9.4%) and has declined in all but two of the last 10 years. However, the increase in aidable costs has exceeded the rate of inflation (as measured by the Consumer Price Index) in seven of those 10 years.

3. Grants to District Boards. The System Board has the authority to distribute \$21.9 million annually in categorical aid funding according to guidelines developed by the Board. Table 12 lists the grant categories and the funding designated by the Board for each in 2017-18. The table includes carryover funds from the prior year.

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

	<u>State General Aids</u>		<u>Aidable Costs*</u>		Aid as % of Cost	Change in CPI**
	Amount	% Change	Amount	% Change		
2008-09	\$118,415,000	---	\$787,347,196	---	15.0%	---
2009-10	119,335,600	0.8%	797,879,644	1.3%	15.0	-0.4%
2010-11	119,335,600	0.0	858,479,226	7.6	13.9	1.6
2011-12	83,534,900	-30.0	815,664,150	-5.0	10.2	3.2
2012-13	83,534,900	0.0	840,895,313	3.1	9.9	2.1
2013-14	83,534,900	0.0	855,260,147	1.7	9.8	1.5
2014-15	88,534,900	6.0	881,338,742	3.0	10.0	1.6
2015-16	88,534,900	0.0	894,290,401	1.5	9.9	0.1
2016-17	88,534,900	0.0	900,560,610	0.7	9.8	1.3
2017-18	88,534,900	0.0	923,903,047	2.6	9.6	2.1
2018-19	88,534,900	0.0	940,399,537	1.8	9.4	2.4

*Aidable costs are based on district estimates.

**Changes in Consumer Price Index-All Urban Consumers for calendar years 2008 through 2018. CPI-U for 2018 is estimated.

Core Industry. This grant category is designed to support training in core industry areas. Allowable activities include purchasing technology and equipment or instructional materials, providing training and professional development to instructors, and supporting curriculum adaption and instruction. In 2017-18, the Board awarded \$7.2 million for core industry grants to technical college districts. With these funds, 24 grants were awarded to 14 technical college districts.

Career Pathways. Career pathways are strategies for earning the credentials necessary to obtain employment within an occupational industry and to advance to higher levels of employment in that industry. Grants in this category may be used for instruction, supportive and planning services,

professional development, the establishment of dual credit agreements, and other activities that support students' transitions into the workforce and on to higher positions. Grants require matching funds of 25% of the total project cost from districts. In 2017-18, the Board awarded \$5.5 million for career pathways grants. Twenty-eight grants were awarded to 15 districts.

Workforce Advancement Training. These funds support training for employees of established businesses operating in Wisconsin, as well as regional workforce and economic development efforts. Training under these grants must focus primarily on occupational skills, but can include a combination of occupational, academic, or employability skills. Grants may be used to assess the training needs of employees, develop curriculum, provide staff development for instructional staff, purchase supplies or equipment related to instructional activities completed under the grant, provide basic skills or English language learning instruction, or provide technical assistance to employers resulting in the advancement of current employees or additional hiring of new employees. The Board awarded \$4.7 million for these grants in 2017-18. With these funds, 82 grants were awarded to 14 technical college districts.

Table 12: Grants to District Boards -- 2017-18

Grant Category	Amount
Apprenticeship-Related Instruction	\$501,000
Career Pathways	5,464,812
Core Industry	7,182,610
Developing Markets	1,513,994
Professional Development	956,467
Student Support	2,970,862
Workforce Advancement Training	4,674,109
Systemwide Leadership	<u>1,584,945</u>
Total	\$24,848,799

Student Support. Student support grants are intended to fund the creation, expansion, or implementation of programs that provide direct services to students. Allowable activities include case management, advising, counseling and/or career services, transition and accommodation services for students with disabilities, tutoring, emergency dependent care or transportation assistance, and other services. Grants require matching funds of 25% of the total project cost from districts. In 2017-18, the Board awarded \$3.0 million for student support grants. With these funds, grants were awarded to all 16 technical college districts.

Systemwide Leadership. Additional grants are available to support projects that have a systemwide impact, particularly projects that support system goals related to performance funding criteria. Examples of projects funded under this category include a statewide veterans service summit and resource center to support specialized services for veterans, curriculum review for courses that are taught using the same curriculum across the state, and the development of early childhood education course articulation agreements between high schools and technical colleges. In 2017-18, the Board awarded \$1.6 million for grants funding statewide projects. Fifty-five grants were awarded to all sixteen technical college districts using these funds.

Developing Markets. Grants awarded under the new markets category are designed to support the development of programs that are new to a district, including the development of curriculum and instructional materials, the purchase of equipment, staff development, and instruction. In 2017-18, the Board awarded \$1.5 million for new market grants to districts. Eleven grants were awarded to ten technical college districts.

Professional Development. This category supports professional development activities for instructors and other staff, including activities such as a peer coaching and mentoring program, programs to ensure the currency of staff knowledge

and skills, in-service activities or workshops, staff orientation, and other activities. In 2017-18, the Board awarded \$1.0 million for professional development grants, and with these funds, 18 grants were awarded to all sixteen technical college districts.

Apprentice-Related Instruction. Grants awarded under this category are intended to support systemwide apprenticeship curricula development as well as provide direct support for contractually required apprentice-related instruction that cannot otherwise be provided due to limitations in district fiscal capacity. Grants may be used to review and revise curricula, ensure that curricula is industry approved and aligns with state standards, respond to industry demand outside of the normal budget process, support classroom delivery or regional delivery through inter-district partnerships, or other activities related to apprentice instruction. In 2017-18, the Board awarded \$0.5 million for this category, including 31 grant awards to 14 technical college districts.

4. 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. In each of 2017-18 and 2018-19, budgeted fire dues revenues for the program were \$600,000. In 2017-18, funding supported training for 4,999 firefighters in programs conducted by WTCS districts.

5. Grants for Emergency Financial Need. A program was created in 2015 Act 282 to provide small grants to WTCS students experiencing emergency financial need. A student is eligible for funding under the program if his or her expected family contribution, as determined by the federal Free Application for Federal Student Aid (FAFSA), is less than \$5,000. A financial emergency is defined as an unplanned event causing an unanticipated expense that would cause a student

not to complete that term if a grant were not available to cover the expense, such as charges for medical treatment or vehicle repair. Expenses including tuition, textbooks, student fees, alcohol or tobacco, groceries, entertainment, legal services, or fines or forfeitures resulting from legal violations are not eligible.

Under the program, the Board distributes funds to each technical college district based on the anticipated need and demand for grants at each technical college. Each technical college must create a brief application process for grant funding, and decisions on grant applications and disbursement of funds must be made within five business days of a student's application. Students must include with their applications written proof of the nature and amount of the expense, such as a bill.

Each technical college must collect and report data related to the program, including the number of grants awarded and the number of students receiving grants, the types of expenses for which students requested grants, the number of grant applications denied, the total amount of grant funding awarded and the amount available but not awarded, and outcomes for students receiving grants. The Board must submit an annual report to the Legislature with this information annually by June 30.

6. 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 \$150,000 annually is budgeted for this program in the 2017-19 biennium, data on the number of eligible commercial vehicle violations and convictions in past years indicate that actual surcharge revenue varies and is typically less than the budgeted amounts. This is a continuing appropriation, and unexpended revenues carry over for distribution in subsequent years. WTCS

awarded grants to all three truck driver training programs in 2017-18 which totaled \$75,400 (\$13,100 to Chippewa Valley, \$35,300 to Fox Valley, and \$27,000 to Waukesha County).

7. Work-Based Learning Grants to Tribal Colleges. The System Board awards funds to support occupational training and work-based learning experiences for youth and adults at two tribal colleges: Lac Courte Oreilles Ojibwa Community College and the College of Menominee Nation. Grant funds can support youth apprenticeship programs for youth or adults, other work-based learning or employability skills training for youth, basic skills or occupational skills training for workers or unemployed adults, or other services. Tribal gaming revenue provides \$594,000 annually for these grants. Lac Courte Oreilles Ojibwa Community College and the College of Menominee Nation are each eligible to apply for up to \$297,000 in funding.

Tuition Revenues

In 2017-18, 16.5% (\$258.1 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 150% of resident tuition, 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

Table 13: WTCS Resident Tuition

	Post-Secondary/Vocational-Adult			Collegiate Transfer		
	Per Credit	Annual*	% Change	Per Credit	Annual*	% Change
2008-09	\$97.05	\$2,911.50	---	\$131.50	\$3,945.00	---
2009-10	101.40	3,042.00	4.5%	136.10	4,083.00	3.5%
2010-11	106.00	3,180.00	4.5	142.22	4,266.60	4.5
2011-12	111.85	3,355.50	5.5	150.00	4,500.00	5.5
2012-13	116.90	3,507.00	4.5	158.25	4,747.50	5.5
2013-14	122.20	3,666.00	4.5	165.40	4,962.00	4.5
2014-15	125.85	3,775.50	3.0	170.35	5,110.50	3.0
2015-16	128.40	3,852.00	2.0	173.75	5,212.50	2.0
2016-17	130.35	3,910.50	1.5	176.35	5,290.50	1.5
2017-18	132.20	3,966.00	1.4	178.80	5,364.00	1.4
2018-19	134.20	4,026.00	1.5	181.50	5,445.00	1.5

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

may set the percentage higher in order to generate more tuition revenue. For 2018-19, resident tuition for PS/VA courses is \$134.20 per credit or \$4,026 annually for a full-time student, which will recover an estimated 20.5% of costs.

The uniform tuition charge for collegiate transfer courses must 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 2018-19, tuition for collegiate transfer programs is \$181.50 per credit or \$5,445 annually, as compared to annual tuition of \$4,750 at the two-year campuses that were formerly part of UW Colleges. The current rate will recover an estimated 40.7% of collegiate transfer costs.

Table 13 shows per credit and annual resident tuition charges from 2008-09 through 2018-19.

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."

Tuition Remissions

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 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.

WTCS institutions are required to grant a 100% remission of tuition, less any amount paid under federal programs, to students who are qualified veterans. Qualified veterans are eligible for this remission for up to 128 credits or eight semesters, whichever is longer, as long as they maintain a cumulative grade point average of at least 2.0.

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 or have been a resident of this state for at least five consecutive years immediately preceding enrollment. 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 on active duty under honorable conditions for at least 90 days during a war period; (4) service qualifying for certain service-related medals; (5) service ending in

honorable discharge for a service-related disability or for reasons of hardship; or (6) 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.

Beginning with the Spring, 2010, semester, veterans who are eligible for benefits under the newly-enacted federal Post-9/11 G.I. Bill must use those benefits before accessing state tuition and fee remissions. This applies even if the student is eligible for benefits under the Montgomery G.I. Bill or certain other federal education programs for veterans unless the student is eligible for 12 months or less of benefits under those programs. Veterans whose stipend under the Montgomery G.I. Bill or certain other federal education programs would have exceeded the amount of the monthly housing allowance provided under the Post-9/11 G.I. Bill (adjusted to reflect the annual books and supplies stipend) are reimbursed for the difference in these benefits.

In 2017-18, WTCS provided remissions totaling \$2.19 million to 1,322 veterans. Supplemental stipend payments were made to 403 veterans and totaled \$1.05 million.

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. Children of eligible veterans are eligible if they are at least 17 years old and not yet 26 years of age, regardless of when the eligible

veteran died or received his or her disability rating. The recipient of the remission must maintain a cumulative grade point average of at least 2.0.

In 2017-18, technical colleges remitted \$2.0 million in tuition and fees to 887 students under the spouses and children provision.

Wisconsin technical college district boards received reimbursements totaling \$1.65 million through an appropriation under the Higher Educational Aids Board. This amount fully reimbursed the district boards for all reimbursement/supplemental payments made directly to veterans and for 15.0% of tuition and fee remissions provided to veterans, children, and spouses.

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, who was killed in the line of duty in Wisconsin or who died as a result of a qualifying disability, provided that the child or surviving spouse is enrolled in a postsecondary/vocational adult or collegiate transfer program. Eligible students must maintain good academic standing and 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. In 2015-16, two students received remissions totaling \$3,000.

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.

Federal Aid

In 2017-18, federal aid provided a total of \$247.4 million to technical college districts. Based on past years, it is estimated that approximately 80% of the federal moneys received by districts is

for student financial aid. Student financial aid is received by the colleges and passed through to students, who then use aid to pay for tuition, materials fees, books, and other fees paid to technical colleges. Less financial aid, federal aid provided 3.0% (\$46.4 million) of technical college district revenue in 2017-18.

The remaining 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. After student aid, the following two programs are the largest sources of federal revenue.

- **Carl Perkins Career and Technical Education Act (\$20.2 million in 2017-18)** -- 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 2017-18, total funding was \$20.2 million. The state grant was split between WTCS (\$11.3 million) and the Department of Public Instruction (\$9.0 million).

- **Adult Education and Family Literacy Act (\$6.6 million in 2017-18)** -- 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 2017-18, 19.1% (\$299.1 million) of total WTCS revenue was obtained from other sources, including transfers from other state agencies,

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.

As an example of funding received from other state agencies, 2013 Act 139 provided approximately \$31 million to the Department of Workforce Development (DWD) for technical college wait list reduction grants under DWD's Wisconsin Fast Forward program. Grant awards of over \$28 million have been made to technical college districts for wait list reduction.

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 2017-18, 6.3% of total equalized aidable cost (or 6.7% 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 2017-18 data.

1. Aidable cost equals \$39,716,717.
2. District equalized valuation per FTE student equals \$10,292,919.
3. Statewide equalized valuation per FTE student equals \$8,581,298.
4. $\frac{\$8,581,298}{\$10,292,919} = 0.83371$ which is the district's equalization index.
5. 0.83371 times \$39,716,717 equals the district's equalized aidable cost of \$33,112,224.
6. The total amount available for general aid (\$61,974,400) is divided into the statewide equalized aidable cost of \$964,244,556 to yield 6.4272%.

7. The district's equalized aidable cost of \$33,112,224 is multiplied by 6.4272% to yield \$2,128,200, the district's estimated state aid entitlement for 2017-18.

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 2017-18, equalization indices ranged from 0.40967 at Nicolet to 1.60961 at Northcentral.

Table 14 provides 2017-18 state aid estimates for each WTCS district. These figures will not be finalized until the completion of cost and FTE audits in June, 2019, when any necessary changes will be made by adjusting 2018-19 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 2017-18, the proportion of aidable cost funded through state aid varied from 2.6% at Nicolet to 10.3% at Northcentral, with a statewide average of 6.8%. 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.

Table 14: State General Aid to WTCS Districts -- 2017-18

	2017 Equalized Valuation	2017-18 FTEs	Equalized Value/FTE	Equalization Index	Net Aidable Cost	Equalized Aidable Cost	State Aid	Percent Aid/Cost
Blackhawk	\$12,378,864,015	1,494	\$8,285,570	1.03569	\$25,348,079	\$26,252,752	\$1,687,300	6.7%
Chippewa Valley	23,687,367,573	3,830	6,184,498	1.38755	44,573,182	61,847,519	3,975,100	8.9
Fox Valley	36,689,537,387	5,614	6,535,697	1.31299	74,957,275	98,418,153	6,325,600	8.4
Gateway	41,058,296,108	4,539	9,044,926	0.94874	69,756,273	66,180,566	4,253,600	6.1
Lakeshore	14,355,592,510	1,746	8,221,080	1.04382	25,776,017	26,905,522	1,729,300	6.7
Madison Area	80,204,378,939	8,597	9,329,124	0.91984	143,769,322	132,244,773	8,499,700	5.9
Mid-State	13,070,321,452	1,675	7,803,673	1.09965	25,351,585	27,877,870	1,791,800	7.1
Milwaukee Area	73,890,556,896	9,847	7,503,867	1.14358	153,659,062	175,721,430	11,294,000	7.4
Moraine Park	25,823,835,602	2,509	10,292,919	0.83371	39,716,717	33,112,224	2,128,200	5.4
Nicolet Area	17,074,186,329	815	20,946,920	0.40967	20,527,390	8,409,456	540,500	2.6
Northcentral	16,102,740,162	3,020	5,331,277	1.60961	38,724,649	62,331,582	4,006,200	10.3
Northeast WI	39,033,054,634	5,747	6,791,725	1.26349	73,847,260	93,305,275	5,997,000	8.1
Southwest WI	8,221,732,093	1,295	6,347,704	1.35187	19,332,566	26,135,116	1,679,800	8.7
Waukesha Co.	54,494,705,643	3,489	15,620,630	0.54936	62,542,257	34,358,214	2,208,300	3.5
Western	19,475,322,848	3,036	6,414,173	1.33787	51,253,915	68,571,075	4,407,200	8.6
WI Indianhead	<u>33,590,670,804</u>	<u>2,078</u>	16,161,963	0.53096	<u>42,513,615</u>	<u>22,573,029</u>	<u>1,450,800</u>	3.4
Total	\$509,151,162,995	59,333	\$8,581,298		\$911,649,164	\$964,244,556	\$61,974,400	6.8%

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 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 2017-18, Waukesha would have received about \$4.3 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 approximately \$2.2 million. On the other hand, Northcentral, which had the lowest property valuation behind each student, would have received about \$2.6 million if all districts were provided an equal percentage of cost, but instead received \$4.0 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 2017-18, WTCS district valuations per FTE ranged from \$20,946,920 at Nicolet to \$5,331,277 at Northcentral, a difference of approximately 3.9 to 1. For the 2017-18 school year, adjusted school district valuations per pupil ranged from \$9,373,202 to \$188,337, a difference of 50 to 1.

APPENDIX II

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, La Crosse, Monroe, Richland, Trempealeau, Vernon
Indianhead	Shell Lake	Ashland, Barron, Bayfield, Burnett, Douglas, Iron, Polk, Rusk, St. Croix, Sawyer, Washburn