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Wisconsin Technical College System

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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 share responsibility for the system.

In 1994, the name of the system was changed to the Wisconsin Technical College System (1993 Act 399). The system is divided into 16 districts (see Appendix IV) and has 46 main and satellite campuses which serve approximately 435,000 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 which 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: one employer representative, one employee representative, one farmer representative, three ex-officio members (State Superintendent of Public Instruction, Secretary of Workforce Development, and President of the University of Wisconsin Board of Regents), six public members and one student. The employer, employee, farmer and public representatives 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 93.5 employees is authorized for the Board. The staff is headed by a State Director who is appointed by the Board. In addition, there are two assistant directors and an executive assistant.

The Board's major statutory responsibilities are to:

- Hire a State Director 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. Further, political party chairpersons may not serve on district boards. Board members serve staggered three-year terms.

Appointments to the district boards are made by local committees which 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 which 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 director, 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.
- Admit students and provide 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 college parallel/transfer program; (c) avocational or self-enrichment courses; (d) basic skills education; and (e) education and services to minorities, women and the handicapped or disadvantaged.

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

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

College Parallel. 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. The WTCS Board has approved such programs at only three districts (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.

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

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

Continuing Education. Part-time programs that are comprised of vocational-adult 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 1995-96 school year, by program classification. The distribution of FTEs between program classifications varies, reflecting differences in program emphasis at each district. The proportion of a district's FTEs in post-secondary programs varies from a low of 80.8% (Southwest) to a high of 94.7% (Milwaukee); the statewide average is 90.3%. Of the total FTE students enrolled in continuing education courses, 5,090 (92.2%) were enrolled in vocational-adult courses while only 430 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.

TABLE 1: Full-Time Equivalent (FTE) Students – 1995-96 School Year

	Post-Secondary				% of District Total	Continuing Education		Total % of State	
	College Parallel	Associate Degree	Vocational	Subtotal		FTEs	% of District Total	FTEs	% of State
Blackhawk (Janesville)	0	794	512	1,306	87.8%	181	12.2%	1,487	2.6%
Chippewa Valley (Eau Claire)	0	1,781	930	2,711	89.4	323	10.6	3,034	5.3
Fox Valley (Appleton)	0	2,786	1,119	3,905	88.6	501	11.4	4,406	7.7
Gateway (Kenosha)	0	2,152	1,212	3,364	92.9	259	7.1	3,623	6.4
Lakeshore (Cleveland)	0	989	584	1,573	85.6	264	14.4	1,837	3.2
Madison	2,035	3,845	1,197	7,077	87.0	1,057	13.0	8,134	14.3
Mid-State (Wisconsin Rapids)	0	1,075	674	1,749	93.1	130	6.9	1,879	3.3
Milwaukee	2,403	6,051	3,204	11,658	94.7	649	5.3	12,307	21.6
Moraine Park (Fond du Lac)	0	1,550	959	2,509	94.5	145	5.5	2,654	4.6
Nicolet (Rhineland)	240	386	222	848	88.9	105	11.1	953	1.7
North Central (Wausau)	0	1,425	785	2,210	92.7	175	7.3	2,385	4.2
Northeast (Green Bay)	0	2,530	1,142	3,672	86.8	559	13.2	4,231	7.4
Southwest (Fennimore)	0	564	362	926	80.8	220	19.2	1,146	2.0
Waukesha (Pewaukee)	0	1,817	992	2,809	85.5	478	14.5	3,287	5.8
Western (La Crosse)	0	2,117	935	3,052	93.8	203	6.2	3,255	5.7
WI Indianhead (Shell Lake)	0	1,234	865	2,099	88.6	270	11.4	2,369	4.2
Total	4,678	31,096	15,694	51,468	90.3%	5,519	9.7%	56,987	100.0%

WTCS students enroll in courses in a variety of instructional divisions: agriculture; business; television; graphics; home economics; industrial; service and health; technical; 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, FTEs in the general education division made up 40.6% of the state total in 1995-96. The business division has the second highest percentage at 23.8% of total FTEs 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 students pursuing full-time programs. 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: Headcount as Compared to FTE Enrollment -- 1995-96 School Year

District	Headcount	FTEs	Headcount
			Per FTE
Blackhawk	15,033	1,487	10.1
Chippewa Valley	26,704	3,034	8.8
Gateway	25,624	3,623	7.1
Fox Valley	43,101	4,406	9.8
Lakeshore	19,388	1,838	10.6
Madison	50,389	8,134	6.2
Mid-State	14,099	1,879	7.5
Milwaukee	63,270	12,307	5.1
Moraine Park	20,406	2,653	7.7
Nicolet	9,724	953	10.2
North Central	17,108	2,384	7.2
Northeast	40,692	4,231	9.6
Southwest	9,768	1,147	8.5
Waukesha	33,252	3,287	10.1
Western	18,574	3,255	5.7
WI Indianhead	<u>24,273</u>	<u>2,369</u>	<u>10.2</u>
Total	431,405	56,987	7.6

Table 2 compares 1995-96 headcount enrollments to FTEs for each district. Although the number of students that equal one FTE varies among districts (from 5.1 to 10.6), the statewide average has remained relatively stable (between 7.2 and 7.6) since 1981-82.

Table 3 shows statewide FTE enrollments for 1985-86 through 1995-96. Since 1985-86, FTE enrollment in the system has decreased by 949 FTEs or 1.6%. However, this period is marked by years of both growth and decline in enrollment (from a high of 62,887 FTEs in 1992-93, to a low of 56,649 in 1987-88). In general, FTE enrollments appear 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 individual districts are less consistent.

TABLE 3: Statewide FTE Enrollment 1985-86 through 1995-96

	FTEs	% Change
1985-86	57,936	-2.4%
1986-87	58,093	0.3
1987-88	56,649	-2.5
1988-89	57,895	2.2
1989-90	60,183	4.0
1990-91	59,925	-0.4
1991-92	60,821	1.5
1992-93	62,887	3.4
1993-94	60,715	-3.5
1994-95	59,156	-2.6
1995-96	56,987	-3.7

TABLE 4: WTCS District Revenues -- 1995-96 (\$ in Millions)

	Amount	Percent of Total
Property Taxes	\$331.3	47.3%
State Aid	123.5	17.6
Tuition and Fees	86.5	12.4
Federal Aid	58.4	8.3
Self-Financing/ Miscellaneous	<u>100.7</u>	<u>14.4</u>
Total	\$700.4	100.0%

■ System Finance

WTCS districts receive funding from five major sources: (1) property taxes; (2) state aid; (3) tuition and fees; (4) federal aid; and (5) self-financing operations and miscellaneous revenues.

Table 4 shows WTCS revenues by source for 1995-96. Table 5 provides a breakdown of revenue sources from 1986-87 through 1996-97. Each of these sources is detailed in the following sections.

TABLE 5: WTCS District Revenues 1986-87 through 1996-97 (\$ in Millions)

Year	Property Taxes		State Aid		Tuition & Fees		Federal Aid		Other*		Total	
	Amount	Percent Change	Amount	Percent Change	Amount	Change	Amount	Change	Amount	Change	Amount	Percent Change
1986-87	\$189.5	---	\$78.9	---	\$51.7	---	\$39.8	---	\$47.8	---	\$407.7	---
1987-88	195.1	3.0%	83.3	5.6%	57.8	11.8%	41.2	3.5%	49.4	3.3%	426.8	4.7%
1988-89	199.7	2.4	90.2	8.3	64.3	11.2	50.4	22.3	57.3	16.0	461.9	8.2
1989-90	214.5	7.4	98.2	8.9	70.3	9.3	54.2	7.5	62.1	8.4	499.3	8.1
1990-91	235.4	9.7	106.2	8.1	69.5	-1.1	54.9	1.3	69.3	11.6	535.3	7.2
1991-92	251.2	6.7	109.8	3.4	75.0	7.9	62.3	13.5	76.5	10.4	574.8	7.4
1992-93	268.6	6.9	112.3	2.3	79.6	6.1	64.9	4.2	78.3	2.4	603.7	5.0
1993-94	289.8	7.9	118.6	5.6	83.0	4.3	61.5	-5.2	83.8	7.0	636.7	5.5
1994-95	310.6	7.2	123.9	4.5	84.4	1.7	60.7	-1.3	95.7	14.2	675.3	6.1
1995-96	331.3	6.7	123.5	-0.3	86.5	2.5	58.4	-3.8	100.7	5.2	700.4	3.7
1996-97**	350.4	5.8	124.3	0.6	90.2	4.3	59.3	1.5	109.9	9.1	734.1	4.8

*Self-financing operations and miscellaneous revenues

**Estimated

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 1995-96 is shown in Table 6. The difference between total system costs (\$752.8 million) and total revenues (\$700.4 million) in 1995-96 is the result of revenues carried over from prior years as fund balances, which are available for expenditure in the current year. For example, debt proceeds, which are borrowed funds, may not be entirely expended in the year in which they are received by districts.

Property Taxes

The property tax is the largest source of revenue for the Technical College System. Since 1986-87, the property tax has been between 43% and 48% 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 (hereafter

TABLE 6: WTCS District Costs -- 1995-96 (\$ in Millions)

	Amount	Percent of Total
Operational Costs		
Instruction	\$355.8	47.3%
Instructional Resources	17.1	2.3
Student Services	51.8	6.9
General/Administrative	60.1	8.0
Physical Plant	43.8	5.8
Nonoperational Costs		
Debt Service	59.6	7.9
Capital Outlay	60.4	8.0
Other*	<u>104.2</u>	<u>13.8</u>
Total	\$752.8	100.0%

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

referred to as the operational mill rate). While most districts were below the mill limit in 1985-86, the combination of rapidly increasing costs and slower growth in property values in the late 1980s and early 1990s resulted in most districts levying at or near the mill limit. In 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 and from 1990-91 through 1996-97. In 1991-92, only four districts had mill rates below 1.4, and 10 districts were at the 1.5 mill limit. By 1996-97, only four districts had tax rates at the mill limit and half of the 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 \$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 \$500,000 for building remodeling or improvement projects. Finally, district boards are prohibited from spending more than \$500,000 in reserve funds, consisting of property tax revenues and investment earnings on those revenues, to finance capital projects in excess of \$500,000 (excluding building remodeling or improvement projects).

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

Mill Rate	1985-86	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96	1996-97
Less than 1.40	10	2	4	2	0	3	7	8
1.40 to 1.45	3	3	1	3	4	5	3	3
1.46 to 1.49	1	3	1	2	5	2	2	1
1.50	<u>2</u>	<u>8</u>	<u>10</u>	<u>9</u>	<u>7</u>	<u>6</u>	<u>4</u>	<u>4</u>
Total	16	16	16	16	16	16	16	16

Table 8 shows the statewide equalized value and a breakdown of the total WTCS levy from 1985-86 through 1996-97. Between 1985-86 and 1988-89, the total levy grew by an average of 3% annually. This modest growth was caused by stagnant and declining property valuations in many regions of the state. However, in the last eight years, as property valuations have

increased at a faster rate (an average of 7.0% annually), the total levy has increased by an average of 7.3% per year.

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
1985-86	\$121,467.0	---	\$164.5	---	1.35	\$21.1	---	0.17	\$185.6	---	1.53
1986-87	118,725.1	-2.3%	166.7	1.3%	1.40	22.7	7.6%	0.19	189.4	2.0	1.60
1987-88	119,905.9	1.0	170.4	2.2	1.42	24.7	8.8	0.21	195.1	3.0	1.63
1988-89	124,295.8	3.7	177.9	4.4	1.43	21.8	-11.7	0.20	199.7	2.4	1.60
1989-90	130,709.7	5.2	189.2	6.4	1.45	25.3	16.1	0.19	214.5	7.4	1.64
1990-91	138,527.3	6.0	200.8	6.1	1.45	34.6	36.8	0.25	235.4	9.7	1.70
1991-92	147,802.3	6.7	213.4	6.3	1.44	37.8	9.2	0.26	251.2	6.7	1.70
1992-93	156,158.1	5.7	227.7	6.7	1.46	40.9	8.2	0.26	268.6	6.9	1.72
1993-94	168,174.5	7.7	245.7	7.9	1.46	44.0	7.6	0.26	289.8	7.9	1.72
1994-95	181,676.8	8.0	259.4	5.6	1.43	51.2	16.4	0.28	310.6	7.2	1.71
1995-96	197,728.8	8.8	276.6	6.6	1.40	54.7	6.8	0.28	331.3	6.7	1.68
1996-97	212,840.9	7.6	292.7	5.8	1.38	57.7	5.4	0.27	350.4	5.8	1.65

Table 9 indicates each district's operational and total tax levy and mill rate for 1995-96 and 1996-97. The percent change in each district's 1996-97 levy over the 1995-96 amount is also shown.

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

District	1995-96				1996-97					
	Operational		Total*		Operational			Total*		
	Amount	Mill Rate	Amount	Mill Rate	Amount	% Change	Mill Rate	Amount	% Change	Mill Rate
Blackhawk	\$8.20	1.43	\$9.95	1.74	\$8.43	2.7%	1.33	\$10.25	3.0%	1.62
Chippewa	11.23	1.49	13.83	1.84	12.00	6.9	1.45	14.63	5.8	1.76
Fox Valley	20.95	1.39	24.56	1.63	22.65	8.1	1.41	26.99	9.9	1.68
Gateway	24.00	1.38	27.83	1.60	25.44	6.0	1.37	29.36	5.5	1.58
Lakeshore	8.99	1.39	10.50	1.62	9.65	7.3	1.37	11.33	7.9	1.61
Madison	36.02	1.36	40.68	1.54	38.39	6.6	1.34	43.30	6.4	1.51
Mid-State	7.97	1.45	9.12	1.65	8.36	4.9	1.43	9.66	5.9	1.65
Milwaukee	55.77	1.50	73.84	1.99	57.67	3.4	1.50	76.50	3.6	1.99
Moraine Park	13.70	1.29	15.72	1.48	14.49	5.7	1.25	16.65	5.9	1.44
Nicolet	7.48	1.46	8.54	1.67	8.63	15.3	1.46	9.85	15.3	1.67
North Central	9.72	1.50	12.19	1.88	10.63	9.3	1.50	13.19	8.2	1.86
Northeast	17.85	1.26	19.51	1.38	18.80	5.4	1.19	20.41	4.6	1.29
Southwest	5.20	1.50	6.30	1.82	5.48	5.5	1.50	6.33	0.5	1.73
Waukesha	26.79	1.28	30.22	1.45	27.80	3.8	1.24	31.36	3.8	1.40
Western	9.66	1.50	13.09	2.03	10.47	8.4	1.50	14.10	7.7	2.02
WI Indianhead	13.02	1.42	15.40	1.68	13.75	5.6	1.36	16.45	6.8	1.63
Statewide	\$276.55	1.40	\$331.28	1.68	\$292.66	5.8%	1.38	\$350.37	5.8%	1.65

*Total levy including debt service.

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 1985-86, state aid has been between 17% and 20% of total system revenue. A breakdown of state aid for 1995-96 (actual) and 1996-97 (budgeted) is shown in Table 10.

1. **General Aid.** Of the \$247.8 million in total state aid provided to WTCS districts in the 1995-97 biennium, \$220.4 million (or 88.9%) is distributed as general, unrestricted aids through a cost-sharing formula which is 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 10: State Aid to WTCS Districts

State Aid Program*	1995-96 Actual	1996-97 Budgeted
General Aids	\$110,199,200	\$110,199,200
Incentive Grants	7,249,500	7,888,100
Supplemental Aid	1,500,000	1,500,000
Nicolet College Transfer	1,124,300	1,124,300
Displaced Homemaker	851,400	851,700
Alcohol/Drug Abuse Grants	525,000	525,000
Minority Student Retention Grants	617,000	617,000
Fire Schools (PR)	306,900	500,000
Driver Education (SEG)	322,000	322,000
Transition Services for Handicapped	200,000	200,000
Chauffeur Training Grants (SEG)	200,000	200,000
Farm Training Tuition	142,200	150,000
Basic Skills Grants	100,000	100,000
Apprenticeship Curriculum Development	75,000	75,000
Vocational Education Instructor Grants	<u>68,100</u>	<u>71,300</u>
TOTAL	\$123,480,600	\$124,323,600

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

Table 11 shows total general aid to WTCS districts from 1986-87 through 1996-97. Aidable costs represent expenditures (including debt service) associated with providing post-secondary, vocational-adult and college parallel programs which 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 5.7 percentage points since 1986-87 (from 29.7% to the current estimate of 24%) and has declined in all but two 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 one year during this period (1987-88).

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.

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

	<u>State General Aids*</u>		<u>Aidable Costs</u>		Ratio of Aid to Cost	Change in CPI**
	Amount	% Change	Amount	% Change		
1986-87	\$76,368,000	---	\$256,842,800	---	29.7	1.9%
1987-88	80,194,100	5.0	265,985,600	3.6	30.1	3.6
1988-89	85,005,700	6.0	282,171,200	6.1	30.1	4.1
1989-90	88,641,000	4.3	299,108,200	6.0	29.6	4.8
1990-91	92,534,500	4.4	319,076,800	6.7	29.0	5.4
1991-92	96,034,500	3.8	336,660,200	5.5	28.5	4.2
1992-93	99,034,500	3.1	357,849,100	6.3	27.7	3.0
1993-94	104,454,200	5.5	376,344,800	5.2	27.8	3.0
1994-95	110,199,200	5.5	403,685,400	7.3	27.3	2.6
1995-96	110,199,200	0.0	432,274,500	7.1	25.5	2.8
1996-97***	110,199,200	0.0	459,119,500	6.2	24.0	3.0

*Excludes state categorical payments, except apprenticeship curriculum development payments which were made from the general aid appropriation until 1993-94.

**Consumer Price Index changes for calendar years 1986 through 1996.

***Aidable costs are based on district estimates.

2. Incentive Grants Program. The largest categorical aid is the incentive grants program (\$15.1 million in the 1995-97 biennium or 6.1% of total aid). Under current law, the WTCS Board can award grants to districts, or consortia of districts, in four 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; and (d) technology transfer--programs that assist business and industry in adopting and implementing new technology.

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. Interdistrict Tuition Supplemental Aid. 1989 Wisconsin Act 336 eliminated interdistrict tuition (an additional charge to state residents taking courses outside their district of residence) beginning in 1990-91. A supplemental aid appropriation was created to reimburse districts (on a per student basis) which receive more students from other districts than they send. In 1995-96, six districts received payments ranging from \$92,200 (Waukesha) to \$489,200 (Madison). Chippewa Valley, Western, Milwaukee and Fox Valley also received aid payments. State aid payments were \$1,500,000 GPR in 1995-96 and are budgeted at \$1,500,000 GPR in 1996-97.

4. **Nicolet College Transfer Program.** 1985 Wisconsin Act 29 created a separate categorical aid for the college parallel program at Nicolet Area Technical College. In the 1995-97 biennium, the payment is \$1,124,300 annually.

The statutes provide that only college parallel programs operated in WTCS districts that do not have a University of Wisconsin campus or center 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. Initially, this language was interpreted to mean that the state would assume 100% of those costs related to Nicolet's program which are not supported by student revenues; that is, there would be no local property tax levied for Nicolet's college parallel program. Although the percentage of support from the property tax has been as low as 1.8% (in 1988-89), it has never been eliminated.

5. **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. State aid for the program was \$851,400 in 1995-96 and is budgeted at \$851,700 in 1996-97. In addition, the State Board receives about \$140,000 annually for the program from a federal social services block grant administered by the Department of Health and Family Services. In 1996-97, 14 districts and four community-based organizations received grants.

6. **Alcohol and Other Drug Abuse Grants.** 1989 Wisconsin Acts 31 and 122 created an alcohol and other drug abuse (AODA) prevention and intervention grants program. A WTCS district can apply to the Board for a grant to establish an AODA program which provides: (a) AODA education for staff and students; (b) early intervention services; and (c) support services for recovering chemically dependent students. Programs are coordinated by an individual appointed by the district board. Expenditures for the program were \$525,000 in 1995-96 and are budgeted at \$525,000 in 1996-97. In 1996-97, all districts received AODA grants.

7. **Minority Student Participation and Retention Grants.** Under the minority retention grant program, grants are awarded to support programs which: (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. In the 1995-97 biennium, state aid payments for the program

were \$617,000 annually. In 1996-97, 13 districts received grants ranging from \$21,600 to \$213,900. The largest grant (to Milwaukee) accounted for 35% of the total amount awarded. Since 1992-93, minority student enrollment increased by 10.0% while total student enrollment actually decreased by 4.7%. In 1995-96, minority students comprised approximately 9% of the total WTCS enrollment.

8. 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 \$306,900 in 1995-96 and are budgeted at \$500,000 in 1996-97.

9. Driver Education. Driver education aid provides WTCS districts \$16 for each student enrolled in a driver education course. Further, chauffeur training (truck driving) programs are supported at \$150 per credit for each student enrolled. Funding is provided from the segregated (SEG) transportation fund. State aid for the program was \$322,000 in 1995-96 and is budgeted at \$322,000 in 1996-97.

10. Transitional Services for Handicapped Students. This program, created in the 1991-93 biennial budget, provides competitive grants to fund coordinated sets of activities (such as interpersonal skills and study training) which help disabled students make the transition from high school to post-secondary education, vocational training or continuing education. Districts are required to provide a match of 25% to 75% of total project costs. Expenditures for the program were \$200,000 in 1995-96 and are budgeted at \$200,000 in 1996-97. In 1996-97, grants of \$25,000 each were awarded to eight districts.

11. Advanced Chauffeur Training Grants. Grants are awarded by the WTCS Board 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. Funding is provided from the transportation fund. During the 1995-97 biennium, state aid for the program was \$200,000 annually. In 1996-97, Chippewa Valley and Fox Valley received grants of \$80,400 and \$119,600, respectively.

12. 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 1995-96, 1,960 students were served by this program. Expenditures for the program were \$142,200 in 1995-96 and are budgeted at \$150,000 in 1996-97.

13. Basic Skills Instruction in Jails and Prisons. A provision in 1993 Act 377 created this program under which grants are awarded to districts for the provision of basic skill instruction to inmates in jails and prisons. In 1995-96, Blackhawk and Lakeshore expended grants totalling

\$100,000. For 1996-97, Chippewa Valley and Lakeshore received grants budgeted at a total of \$100,000.

14. Apprenticeship Curriculum Development. Between 1981-82 and 1992-93, the Board was required to allocate \$25,800 of the amount appropriated for general aid to WTCS districts for apprenticeship curriculum development. Funds are used to review, update and develop curricula for adult apprenticeship programs. The 1993-95 state budget act created a separate appropriation. In the 1995-97 biennium, \$75,000 annually is provided for apprenticeship curriculum development.

15. 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. Expenditures for the program were \$68,100 (which funded 88 instructors) in 1995-96 and are budgeted at \$71,300 in 1996-97.

Tuition Revenues

In 1995-96, 12.4% (\$86.5 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 college parallel (CP) courses. For both PS/VA and CP programs, tuition is based on projections of district costs and enrollments in order to raise 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 vocational 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 1996-97, resident tuition for PS/VA courses is \$51.20 per credit or \$1,536 annually for a full-time student.

The uniform tuition charge for college parallel 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 Center campuses in the UW System. In 1996-97, tuition for college parallel programs is \$64.35 per credit or \$1,930.50 annually, as compared to annual tuition of \$1,779 at the UW Centers.

Table 12 shows per credit and annual resident tuition charges from 1986-87 through 1996-97.

TABLE 12: WTCS Resident Tuition

	Post-Secondary/ Vocational-Adult			College Parallel		
	Per Credit	Annual*	Percent Change	Per Credit	Annual*	Percent Change
1986-87	\$24.60	\$738.00	---	\$36.60	\$1,098.00	---
1987-88	28.05	841.50	14.0	41.50	1,245.00	13.4
1988-89	32.35	970.50	15.3	46.20	1,386.00	11.3
1989-90	35.25	1,057.50	9.0	49.75	1,492.50	7.7
1990-91	36.85	1,105.50	4.5	52.80	1,584.00	6.1
1991-92	38.90	1,167.00	5.6	53.80	1,614.00	1.9
1992-93	41.00	1,230.00	5.4	54.80	1,644.00	1.9
1993-94	43.65	1,309.50	6.5	55.80	1,674.00	1.8
1994-95	46.10	1,383.00	5.6	57.35	1,720.50	2.8
1995-96	48.20	1,446.00	4.6	59.65	1,789.50	4.0
1996-97	51.20	1,536.00	6.2	64.35	1,930.50	7.9

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

The statutes and/or WTCS Board policy exempt categories of individuals from tuition. These categories include students in:

1. Vocational-adult programs for those students over age 62;
2. Adult high school;
3. Adult basic education;
4. English as a second language;
5. Job Training Partnership Act (JTPA) classes;
6. Goal Oriented Adult Learning (GOAL) programs;
7. Vocational Education Act handicapped, disadvantaged and consumer/homemaking projects; and
8. High school vocational courses which the local school district has contracted with the WTCS district to provide.

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. In 1995-96, 7,379 FTEs (15.8% of the total number of FTEs enrolled in PS/VA courses) were exempt from tuition changes. Over the past six years, this percentage has ranged from 12.6% (in 1987-88) to 15.8% (in 1989-90 and 1995-96).

A provision in 1995 Act 228 requires a district board to grant full remission of tuition to any resident student who is the child of a fire fighter or law enforcement officer killed in the line of duty in Wisconsin provided that the child is enrolled in a postsecondary/vocational adult or college parallel program. Such students are eligible to 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. The Act provided \$15,000 GPR in 1996-97 to fund the tuition remissions.

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

Federal Aid

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 1995-96, federal aid provided 8.3% (\$58.4 million) of total system revenue. Between 1992-93 and 1995-96, total federal revenues declined by 10.0%. In 1995-96, approximately \$28.1 million (including \$24.9 million in Pell grants) was distributed by districts in the form of financial aid to students. In addition, WTCS students receive federal loans, grants and scholarships which are not included in WTCS revenue. The majority of the remaining federal aid was provided to districts under the following programs:

- **Carl Perkins Vocational Education Act (\$9.0 million)** -- Provides support for postsecondary and adult education through: (1) a formula-based grant; (2) grants to assist targeted populations (such as single parents and displaced homemakers); and (3) grants for special programs such as tech-prep programs and consumer and homemaking education.
- **Adult Education Act (\$4.1 million)** -- Provides support for educationally disadvantaged adults to obtain basic literacy skills, completion of a secondary school-level education and employment skills.
- **Job Training Partnership Act (\$398,400)** -- Provides job training and related assistance to economically disadvantaged individuals.

Self-Financing Operations and Miscellaneous Revenue

In 1995-96, 14.4% (\$100.7 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. In 1994-95 (the most recent year for which data is available), revenue from contract payments totalled \$20.5 million. In contrast to the trend in federal revenues which have declined by 10.0% between 1992-93 and 1995-96, revenues from self-financing operations and contracts have increased by 28.6%.

APPENDIX I

STATE GENERAL AID FORMULA

General aid is calculated according to the following formula factors:

1. Aidable Cost. The costs which are aided under the formula include operational costs for post-secondary, vocational-adult and college parallel 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 college parallel 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 which is reimbursed each year is calculated by dividing the total amount available for general aid into the total equalized aidable cost. In 1995-96, 24.4% of total equalized aidable cost (or 25.5% of aidable cost prior to application of the equalization indices) was supported by the general aid formula.

Sample Aid Calculation

The following provides an example of the computation of general aid for Gateway Technical College based on 1995-96 data.

1. Aidable cost equals \$32,522,383.
2. District equalized valuation per FTE student equals \$4,815,898.
3. Statewide equalized valuation per FTE student equals \$3,511,019.
4. $\frac{\$3,511,019}{\$4,815,898} = 0.72905$ which is the district's equalization index.
5. 0.72905 times \$32,522,383 equals the equalized aidable cost of \$23,710,443.
6. The total amount available for general aid (\$110,199,200) is divided into the statewide equalized aidable cost of \$451,658,800 to yield 24.3988%.
7. The district's equalized aidable cost of \$23,710,443 is multiplied by 24.3988% to yield \$5,785,100, the district's state aid entitlement for 1995-96.

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 1995-96, equalization indices ranged from 0.48673 at Nicolet to 1.76702 at Western.

Table 13 provides 1995-96 state aid estimates for each WTCS district. These figures will not be finalized until the completion of cost and FTE audits in June, 1997, when any necessary changes will be made by adjusting 1996-97 aid payments.

TABLE 13: State General Aid to WTCS Districts -- 1995-96 Estimates

	1995 Equalized Valuation	1995-96 FTEs	Equalized Value/FTE	Equalization Index	1995-96 Net Aidable Cost	Equalized Aidable Cost	State Aid	Ratio of Aid to Net Cost
Blackhawk	\$5,729,469,733	1,471	\$3,894,949	0.90143	\$12,657,146	\$11,409,531	\$2,783,800	22.0
Chippewa	7,516,290,311	3,034	2,477,337	1.41726	20,440,454	28,969,438	7,068,200	34.6
Fox Valley	15,048,769,482	4,374	3,440,615	1.02046	33,509,411	34,195,014	8,343,200	24.9
Gateway	17,439,040,375	3,621	4,815,898	0.72905	32,522,383	23,710,443	5,785,100	17.8
Lakeshore	6,485,957,459	1,836	3,532,657	0.99387	13,880,788	13,795,699	3,366,000	24.2
Madison	26,491,003,659	7,973	3,322,793	1.05665	51,205,528	54,106,321	13,201,300	25.8
Mid-State	5,514,164,509	1,871	2,946,577	1.19156	12,817,838	15,273,223	3,726,500	29.1
Milwaukee	37,179,514,772	12,234	3,039,032	1.15531	102,203,771	118,077,039	28,809,300	28.2
Moraine Park	10,607,885,395	2,649	4,003,912	0.87690	20,015,885	17,551,930	4,282,500	21.4
Nicolet	5,124,490,071	710	7,213,528	0.48673	8,121,182	3,952,823	964,400	11.9
North Central	6,483,254,416	2,384	2,719,794	1.29091	16,408,663	21,182,107	5,168,200	31.5
Northeast	14,171,558,544	4,175	3,394,442	1.03434	24,887,811	25,742,458	6,280,800	25.2
Southwest	3,463,348,680	1,147	3,020,406	1.16243	8,154,157	9,478,637	2,312,700	28.4
Waukesha	20,889,606,022	3,236	6,455,538	0.54388	34,498,515	18,763,052	4,578,000	13.3
Western	6,438,585,296	3,240	1,986,972	1.76702	21,300,130	37,637,756	9,183,200	43.1
WI Indianhead	<u>9,145,839,849</u>	<u>2,361</u>	<u>3,873,190</u>	0.90649	<u>19,650,883</u>	<u>17,813,329</u>	<u>4,346,200</u>	<u>22.1</u>
Total/Avg.	\$197,728,778,573	56,317	\$3,511,019		\$432,274,545	\$451,658,800	\$110,199,400	25.5%

Incorporation of the equalization factor under the aid formula results in the provision of general aid to individual districts at varying levels. In 1995-96, the proportion of aidable cost funded through state aid varied from 11.9% at Nicolet to 43.1% at Western, with a statewide average of 25.5%.

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, changes in FTE enrollments 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 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 1995-96, Waukesha would have received about \$8.8 million in state aid on a straight percentage reimbursement basis, but due to the equalization index, its aid payment was \$4.6 million. On the other hand, Western, which has the lowest property valuation behind each student, would have received about \$5.4 million if all districts were provided an equal percentage of cost, but instead received \$9.2 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 vocational districts with similar costs per student can vary substantially. For example, in 1995-96, Western's total operational cost was \$7,944 per FTE student and its operational mill rate was 1.50. Madison had a similar operational cost per FTE student (\$7,965), but a mill rate of 1.36. Thus, there was a difference between the two districts of only 0.3% in cost per student, but a difference of 10.3% in mill rates.

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 which 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 vocational 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 1995-96, WTCS district valuations per FTE ranged from \$7,213,528 at Nicolet to \$1,986,972 at Western, a difference of approximately 3.6 to 1. For the same year, K-12 district valuations per pupil ranged from \$1,779,586 to \$81,945, a difference of 21.7 to 1.

APPENDIX II

INCENTIVE GRANTS

Under the incentive grants program, created in 1985-86, the WTCS Board may award supplemental funding to WTCS districts under four different grant categories (basic skills, emerging occupations, declining fiscal capacity and technology transfer). The 1993-95 biennial budget allowed a combination of districts to apply for incentive grants. The 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 and declining fiscal capacity 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.

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. The Board is required to develop and implement an audit program to assess the effectiveness of the grants in attaining the intended goals.

Table 14 indicates the appropriations and expenditures for the incentive grants program from 1989-90 to 1995-96 by grant category. During this period, approximately \$54.4 million was expended for the program with basic skills grants accounting for 57.5% of total program expenditures and emerging occupations grants making up 34.6% of the total. Grants to districts with limited fiscal capacity, which accounted for 19% of total 1989-90 expenditures, have not been awarded since 1991-92.

TABLE 14: Incentive Grants Funding and Expenditures

	1989-90	1990-91	1991-92	1992-93	1993-94	1994-95	1995-96
Revenues							
Appropriations	\$7,631,600	\$8,499,700	\$7,332,700	\$7,888,100	\$7,888,100	\$7,888,100	\$7,888,100
Carryover	<u>775,900</u>	<u>1,258,900</u>	<u>1,029,100</u>	<u>462,900</u>	<u>453,700</u>	<u>505,500</u>	<u>729,000</u>
Total Available	\$8,407,500	\$9,758,600	\$8,361,800	\$8,351,000	\$8,341,800	\$8,393,600	\$8,617,100
Expenditures							
a. Emerging Occupations	\$1,529,400	\$2,293,200	\$2,699,500	\$2,959,800	\$3,211,800	3,236,400	2,878,500
b. Technology Transfer	0	0	18,900	167,600	401,700	463,800	461,600
c. Basic Skills	4,054,400	5,420,500	4,932,200	4,769,900	4,222,800	3,964,400	3,909,400
d. Limited Fiscal Capacity	1,397,400	734,700	248,300	0	0	0	0
e. Farmer Training	<u>167,400</u>	<u>281,100</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>	<u>0</u>
Total Expenditures	\$7,148,600	\$8,729,500	\$7,898,900	\$7,897,300	\$7,836,300	\$7,664,600	\$7,249,500
Unexpended Balance	\$1,258,900	\$1,029,100	\$462,900	\$453,700	\$505,500	\$729,000	\$1,367,600

Incentive grants are funded through a continuing appropriation; therefore, unexpended funds are carried over to the next fiscal year. Large 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, then 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** 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 which facilitates the learning of how to read, write and/or speak English for individuals whose native language is not English. Academic and tutorial instruction are provided to assist the ESL student to make the cultural and/or language transition.

2. Grants for New and Emerging Occupations are awarded 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 which 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 to Districts with Limited Fiscal Capacity are awarded to support educational programs that would not otherwise be established or maintained in vocational districts which are restricted from raising additional local revenues due to the statutory 1.5 mill rate limit. This category was created to offset property tax revenue lost through significant declines in district property values in several districts during the mid to late 1980s. However, since property values in all WTCS districts have been increasing since 1989-90, districts have been able to increase their levies while at the 1.5 mill limit. As a result, 1991-92 was the last year in which the WTCS Board awarded such a grant.

4. 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.

Application and Award Process

Annually, the WTCS Board issues grant guidelines and a request for proposals (RFP) to local WTCS districts for the various categories of incentive grants. The guidelines and RFP indicate grant categories, purposes for which grants can be used, amounts to be awarded statewide in each category, requirements of the RFP and the application review process.

The initial review is conducted by committees composed of WTCS staff who recommend funding levels for the grant applications to the Board's administrative cabinet. The cabinet reviews the staff recommendations, establishes grant funding recommendations for full Board approval and assigns a staff member to monitor each project recommended for funding. The Board then approves, modifies or rejects the cabinet's recommendation.

Grants that are awarded are monitored and reviewed annually by the assigned staff member. For grants under \$25,000, staff 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. For grants over \$25,000, site visits are made. 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.

Table 15 shows 1996-97 awards to WTCS districts for basic skills, new and emerging occupations and technology transfer incentive grants.

District	Basic Skills	New and Emerging Occupations	Technology Transfer	Total	% of Total
Blackhawk	\$168,591	\$352,468	\$100,000	\$621,059	7.2%
Chippewa	228,518	361,190	140,000	729,708	8.5
Fox Valley	315,166	319,781	120,000	754,947	8.8
Gateway	355,321	327,985	120,000	803,306	9.3
Lakeshore	191,227	459,482		650,709	7.6
Madison	285,208	128,918		414,126	4.8
Mid-State	112,500	172,243		284,743	3.3
Milwaukee	734,600	198,230		932,830	10.9
Moraine Park	204,013	196,114		400,127	4.7
Nicolet	50,800	160,676		211,476	2.5
North Central	224,545	310,480		535,025	6.2
Northeast	283,172	91,100		374,272	4.4
Southwest	104,400	349,736		454,136	5.3
Waukesha	347,917	296,410		644,327	7.5
Western	165,200	204,697		369,897	4.3
WI Indianhead	<u>176,898</u>	<u>225,258</u>		<u>402,156</u>	<u>4.7</u>
Total	\$3,948,076	\$4,154,768	\$480,000	\$8,582,844	100.0%

APPENDIX III

TUITION AND OTHER FEES

Tuition Formula

Tuition for the WTCS is established by use of 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 college parallel) and vocational-adult (PS/VA) courses; and at least 31% for college parallel (CP) courses.

2. **Operational Costs.** These are the costs to the districts of providing PS/VA and CP 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 which 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 FTEs are included when calculating tuition as the result of statutory or administrative exemptions. Total tuition-paying (nonexempt) FTEs 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 college parallel tuition calculation.

Tuition for resident students is calculated using the following equation:

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

In the spring of 1996, the WTCS Board projected 1996-97 PS/VA operational costs of \$450,464,074 and 42,551 FTE students paying tuition. College parallel costs were projected to be \$29,258,952 with 4,695 FTE students. The Board decided to recover 14.5% of PS/VA operational costs. Thus, using the formula above, PS/VA tuition was calculated to be:

$$(\$450,464,074 \times 0.145) / (42,551) \div 30 =$$

\$51.20 per credit (or \$1,536 annually for a full-time student)

College parallel tuition was calculated to be:

$$(\$29,258,952 \times 0.31) / (4,695) \div 30 =$$

\$64.35 per credit (or \$1,930.50 annually for a full-time student)

Out-of-state students must pay an additional charge unless they are subject to a reciprocity agreement (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 1996-97, nonresident tuition equaled \$395.00 per credit for PS/VA (\$11,850.00 annually) and \$209.20 for college parallel (\$6,276 annually).

Tuition as a Percentage of Operational Costs

Although tuition is designed to recover a specified amount of operational costs statewide (14.5% for PS/VA and 31% for college parallel in 1995-96), the actual percentages can vary due to unanticipated changes in enrollments and costs. As Table 16 indicates, the actual statewide percentages of costs recovered by tuition in 1995-96 were 14.2% for PS/VA and 28.95% for college parallel. These percentages can also vary significantly among districts. At Northeast, for example, tuition recovered 17.9% of operational costs for PS/VA courses, while at Nicolet, the cost recovery was 9.4%.

TABLE 16: Tuition as a Percentage of Operational Costs by District -- 1995-96

	<u>Operational Cost</u>		<u>Tuition Revenues*</u>		<u>Tuition as a Percentage of Operational Costs</u>	
	PS/VA	CP	PS/VA	CP	PS/VA	CP
Blackhawk	\$12,773,138	\$0	\$1,785,477	\$0	13.98%	
Chippewa Valley	22,424,987	0	3,813,059	0	17.00	
Fox Valley	36,266,924	0	4,981,975	0	13.74	
Gateway	33,627,458	0	4,084,639	0	12.15	
Lakeshore	15,048,456	0	1,980,535	0	13.16	
Madison Area	47,745,071	11,388,345	7,380,092	3,541,444	15.46	31.10%
Mid-State	13,845,265	0	2,183,258	0	15.77	
Milwaukee	82,831,162	14,795,291	10,926,782	4,348,054	13.19	29.39
Moraine Park	21,242,250	0	2,924,996	0	13.77	
Nicolet	8,297,623	2,546,046	779,435	428,952	9.39	16.85
North Central	17,212,703	0	2,619,391	0	15.22	
Northeast WI	28,431,656	0	5,094,258	0	17.92	
Southwest WI	8,890,798	0	1,294,866	0	14.56	
Waukesha Co	34,877,135	0	3,843,649	0	11.02	
Western WI	22,618,503	0	3,903,396	0	17.26	
WI Indianhead	<u>20,290,139</u>	<u>0</u>	<u>2,972,267</u>	<u>0</u>	<u>14.65</u>	
Total	\$426,423,268	\$28,729,682	\$60,568,075	\$8,318,450	14.20%	28.95%

*Does not include material fees.

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 college parallel courses. 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. Materials fees exceeding \$30.00 per credit must receive special approval from the WTCS Board. Such courses include pilot training, truck driving and jewelry repair. Some community service courses have no materials fees. 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 more conveniently located or which 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. Additional information on this agreement is contained in a separate informational paper by the Legislative Fiscal Bureau entitled "Minnesota-Wisconsin Education and Income Tax Reciprocity Agreements."

The agreement with Michigan, which was first established in 1981, involves three Wisconsin technical college districts (Nicolet, Indianhead and Northeast) and two community colleges in Michigan (Bay de Noc in Escanaba and Gogebic in Iron Mountain). Under the agreement, Michigan residents attending any of the three Wisconsin technical colleges pay Wisconsin's resident tuition rate and Wisconsin students attending the Michigan colleges pay Michigan's resident tuition rate (tuition rates for the 1996-97 academic year are \$73.50 per credit at Bay de Noc and \$36.00 per credit at Gogebic). In addition, the agreement provides that a resident of one of the states whose employer is located in the other state and whose employer pays his or her tuition, shall be considered a resident of the other state for tuition purposes. The agreement, which is renewed automatically each year, does not specify particular programs in which students may enroll. In the fall of 1995-96, 319 FTE students from Wisconsin attended the Michigan community colleges while 669 students from Michigan attended the WTCS colleges.

Three WTCS districts have reciprocity agreements with colleges in Illinois. Gateway has agreements with the College of Lake County, McHenry County College and Rock Valley College. Blackhawk and Chippewa Valley also have agreements with Rock Valley. Under the current agreements, participating students from both states are charged Wisconsin resident tuition. While priority for admission is given to residents of the state in which the college is located, after their first semester, students enrolled under the agreement are given the same priority as residents. However, no state resident may be displaced due to an agreement. For the fall semester of 1995, Lake County sent 33 students to Gateway while Gateway sent 17 students to Lake County. No students were enrolled under the agreements between Gateway and McHenry or Gateway and Rock Valley in 1995-96. In the fall of 1995, 14 students from the Rockford area attended Blackhawk and four Wisconsin residents attended Rock Valley. Rock Valley sent one student to Chippewa Valley in 1995-96, but there were no students from Chippewa enrolled at Rock Valley.

Wisconsin's agreement with Iowa was approved by the Joint Committee on Finance in June of 1996, and became effective in the 1996-97 academic year. The agreement is between Southwest and Northeast Iowa Community College which has campuses in Calmar and Peosta, Iowa. Under the agreement with Iowa, students are charged the resident tuition rate for the institution in which they are enrolled. Therefore, in 1996-97, Wisconsin residents who enroll in Northeast Iowa Community College will pay the resident tuition of \$71.75 per credit while Iowa residents enrolled in Southwest Technical College will pay \$51.20 per credit. As under the agreements with Illinois institutions, priority for initial admission is given to state residents and participating students are treated as residents for admission purposes after their first semester.

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, Outagamie, Shawano, Waupaca, Waushara, Winnebago
Gateway	Kenosha	Kenosha, Racine, Walworth
Lakeshore	Cleveland	Manitowoc, Ozaukee, Sheboygan
Madison	Madison	Adams, Columbia, Dane, Dodge, Green, Iowa, Jefferson, Juneau, Marquette, Sauk
Milwaukee	Milwaukee	Milwaukee, Ozaukee, Washington, Waukesha
Moraine Park	Fond du Lac	Calumet, Dodge, Fond du Lac, Green Lake, Washington, Waushara, Winnebago
Mid-State	Wisconsin Rapids	Adams, Clark, Jackson, Portage, Waushara, Wood
Nicolet	Rhineland	Forest, Iron, Langlade, Lincoln, Oneida, Vilas
North Central	Wausau	Clark, Langlade, Lincoln, Marathon, Menominee, Portage, Price, Taylor, Waupaca
Northeast	Green Bay	Brown, Door, Florence, Kewaunee, Manitowoc, Marinette, Oconto
Southwest	Fennimore	Crawford, Grant, Green, Iowa, Richland, Vernon
Waukesha	Pewaukee	Dodge, Jefferson, Waukesha
Western	La Crosse	Buffalo, Crawford, Jackson, Juneau, LaCrosse, Trempealeau, Vernon
WI Indianhead	Shell Lake	Ashland, Barron, Bayfield, Burnett, Douglas, Iron, Polk, Rusk, St. Croix, Sawyer, Washburn