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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 shared responsibility for the system.

In 1994, the name of the system was changed to the Wisconsin Technical College System under the provisions of 1993 Act 399. The system is divided into 16 districts, which are shown in Appendix IV, and has 48 main and satellite campuses that serve over 400,000 people annually.

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

System Overview

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

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

WTCS Board Organization

The WTCS Board consists of 13 members: (a) an employer representative; (b) an employee representative; (c) one farmer representative; (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 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 76.3 full-time equivalent positions 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. Board members serve staggered three-year terms.

Appointments to the district boards are made by local committees that consist of county board

chairs in 13 districts and school board presidents in the other three (Milwaukee, Southwest, and Fox Valley). Whether the committee consists of the county board chairs or school board presidents is determined by which body originally initiated the formation of the district. The appointment committee must develop a plan of representation for board membership that gives equal consideration to the general population distribution and to the distribution of minorities and women within the district. In addition, the plan for Milwaukee must give equal consideration to the distribution of minorities within the City of Milwaukee.

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

The major statutory duties of district boards are to:

- Hire a district 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) 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:

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.

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 2005-06 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 74.0% (Lakeshore) to a high of 90.0% (Madison); the statewide average is 83.0%. Of the total FTE students enrolled in continuing education courses, 7,559 (65.0%) took courses primarily related to basic skills education and courses for hearing or visually impaired individuals. A total of 3,856 FTE students (33.2%) were enrolled in vocational-adult courses while 211 FTE students (1.8%) were enrolled in district/community service courses. The actual number of individuals enrolled in continuing education programs is significantly higher than the FTE count would suggest since each FTE student represents approximately 1,200 hours of instruction.

WTCS students enroll in courses in a variety of instructional divisions: agriculture; business; 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, FTE students in the general education division made up 43.4% of the state total in 2005-06. The service and health division has the second highest percentage at 19.5% of total FTE students statewide.

Table 1: Full-Time Equivalent (FTE) Students 2005-06 Academic Year

District	Post-Secondary				% of District Total	Continuing Education		Total	
	College Parallel	Associate Degree	Technical Diploma	Subtotal		FTE's	% of District Total	FTE's	% of State Total
Chippewa Valley	0	3,169	717	3,886	88.4%	509	11.6%	4,395	6.4%
Western	0	2,592	462	3,054	82.2	660	17.8	3,714	5.4
Southwest	0	846	354	1,200	83.0	246	17.0	1,445	2.1
Madison	2,656	4,295	1,050	8,001	90.0	890	10.0	8,891	13.0
Blackhawk	0	1,246	272	1,517	81.1	353	18.9	1,870	2.7
Gateway	0	3,580	426	4,007	79.5	1,036	20.5	5,042	7.4
Waukesha	0	2,556	576	3,132	81.4	714	18.6	3,845	5.6
Milwaukee	3,101	6,468	1,054	10,623	81.4	2,420	18.6	13,043	19.1
Moraine Park	0	2,246	665	2,910	89.2	353	10.8	3,263	4.8
Lakeshore	0	1,304	247	1,551	74.0	544	26.0	2,095	3.1
Fox Valley	0	4,086	719	4,805	78.9	1,285	21.1	6,091	8.9
Northeast	0	4,281	775	5,056	83.4	1,004	16.6	6,060	8.9
Mid-State	0	1,496	291	1,787	86.8	271	13.2	2,058	3.0
North Central	0	1,736	264	2,000	77.1	593	22.9	2,593	3.8
Nicolet	263	426	102	791	78.3	220	21.7	1,011	1.5
Indianhead	0	1,663	659	2,322	81.4	530	18.6	2,852	4.2
Total	6,020	41,989	8,631	56,640	83.0%	11,627	17.0%	68,267	100.0%

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 compares 2005-06 headcount enrollments to FTE students for each district. The number of students that equal one FTE varies among districts (from 3.9 to 9.2), with a statewide average of 6.0. During much of the 1980s and 1990s, the headcount per FTE remained relatively stable between 7.1 and 7.8; however, in recent years the headcount per FTE has fallen as the number of credits per student have increased.

Table 3 shows statewide FTE enrollments for 1995-96 through 2005-06. Since 1995-96, FTE enrollment in the system has increased by 11,280 FTEs or 19.8%. However, this period is marked by

Table 2: Headcount as Compared to FTE Enrollment 2005-06 Academic Year

District	Headcount	FTEs	Headcount Per FTE
Chippewa Valley	20,405	4,395	4.6
Western	18,897	3,714	5.1
Southwest	11,453	1,445	7.9
Madison	43,333	8,891	4.9
Blackhawk	13,987	1,870	7.5
Gateway	25,539	5,043	5.1
Waukesha	28,534	3,845	7.4
Milwaukee	50,781	13,043	3.9
Moraine Park	22,305	3,263	6.8
Lakeshore	14,989	2,095	7.2
Fox Valley	51,539	6,091	8.5
Northeast	43,255	6,060	7.1
Mid-State	11,218	2,058	5.5
Northcentral	17,728	2,593	6.8
Nicolet	9,323	1,011	9.2
Indianhead	26,094	2,852	9.2
Total	409,380	68,267	6.0

years of both growth and decline in enrollment (from a low of 55,511 in 1996-97 to a high of 68,728 in 2003-04). In general, FTE enrollments tend to vary inversely with state and local economic conditions. During periods of economic decline,

**Table 3: Statewide FTE Enrollment
1995-96 through 2005-06**

	FTEs	% Change
1995-96	56,987	---
1996-97	55,511	-2.6%
1997-98	56,488	1.8
1998-99	57,667	2.1
1999-00	57,983	0.5
2000-01	59,719	3.0
2001-02	63,782	6.8
2002-03	66,868	4.8
2003-04	68,728	2.8
2004-05	68,414	-0.5
2005-06	68,267	-0.2

**Table 4: WTCS District Revenues -- 2005-06 (\$
in Millions)**

	Amount	% of Total
Property Taxes	\$622.0	48.6%
State Aid	136.8	10.7
Tuition and Fees	169.5	13.2
Federal Aid	141.0	11.0
Self-Financing/ Miscellaneous	<u>210.9</u>	<u>16.5</u>
Total	\$1,280.2	100.0%

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

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.

sources from 1996-97 through 2005-06. Each of these sources is detailed in the following sections.

System Finance

WTCS districts receive funding from five major sources: (1) property taxes; (2) state aid, excluding funds transferred from other state agencies; (3) tuition and fees; (4) federal aid; and (5) self-financing operations and miscellaneous revenues. Table 4 shows WTCS revenues by source for 2005-06. Table 5 provides a breakdown of revenue

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 2005-06 is shown in Table 6. The difference between total system costs (\$1,378.4 million) and total revenues (\$1,280.2 million) in 2005-06 is the result of revenues carried over from prior years as fund balances, which are available for ex-

Table 5: WTCS District Revenues 1996-97 through 2005-06 (\$ in Millions)

Year	Property Taxes		State Aid*		Tuition & Fees		Federal Aid		Other**		Total	
	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change	Amount	Percent Change
1996-97	\$350.4	---	\$124.1	---	\$90.7	---	\$55.7	---	\$104.4	---	\$725.3	---
1997-98	371.1	5.9%	126.5	1.9%	96.5	6.4%	55.4	-0.5%	117.4	12.5%	766.9	5.7%
1998-99	396.2	6.8	128.6	1.7	102.4	6.1	67.0	20.9	120.4	2.6	814.6	5.8
1999-00	430.1	8.6	130.1	1.2	109.3	6.7	67.2	0.3	144.1	19.7	880.7	8.1
2000-01	466.4	8.4	140.7	8.1	114.9	5.2	77.1	14.7	176.7	22.7	975.8	10.8
2001-02	511.6	9.7	139.3	-1.0	128.5	11.8	96.0	24.6	184.2	4.2	1,059.6	8.6
2002-03	541.9	5.9	137.3	-1.4	137.4	6.9	121.6	26.6	187.1	1.6	1,125.2	6.2
2003-04	565.3	4.3	136.1	-0.9	148.9	8.4	141.0	15.9	200.5	7.2	1,191.8	5.9
2004-05	590.8	4.5	138.3	1.6	162.1	8.9	139.3	-1.2	210.3	4.9	1,240.8	4.1
2005-06	622.0	5.3	136.8	-1.1	169.5	4.5	141.0	1.2	210.9	0.3	1,280.2	3.2

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

**Self-financing operations and miscellaneous revenues

**Table 6 : WTCS District Costs – 2005-06
(\$ in Millions)**

	Amount	Percent of Total
Operational Costs		
Instruction	\$583.4	42.3%
Instructional Resources	23.9	1.7
Student Services	86.2	6.3
General/Administrative	111.4	8.1
Physical Plant	69.1	5.0
Nonoperational Costs		
Debt Service	116.7	8.5
Capital Outlay	111.5	8.1
Other*	<u>276.1</u>	<u>20.0</u>
Total	\$1,378.4	100.0%

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

penditure in the current year, and debt proceeds, which are borrowed funds that may be used for capital expenses.

Property Taxes

The property tax is the largest source of revenue for the Technical College System. Since 1996-97, the property tax has represented between 47.4% and 48.6% of total system revenues.

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

districts were levying at or near the mill limit. In the last several years, however, the relatively higher rate of increase in property values has allowed most districts to lower their mill rates. Table 7 shows the number of districts in each of four ranges of operational mill rates in 1985-86, 1990-91, and 1995-96, and from 1998-99 through 2006-07. Between 1985-86 and 1990-91, the number of districts with mill rates less than 1.40 fell from 10 to two, while the number of districts at 1.5 mill rate increased from two to eight. By 1995-96, the number of districts with mill rates below 1.4 grew to seven, and four districts were at the 1.5 mill limit. By 2005-06 and 2006-07, only one district (Fox Valley) had a tax rate at the mill limit and 12 districts had mill rates less than 1.4.

There is no statutory limitation for taxes levied for debt service costs. However, a district's bonded indebtedness may not exceed 2% of its equalized property valuation. In addition, building projects costing more than \$1,000,000, excluding remodeling or improvement projects and any expenditures financed with gifts, grants or federal funds, are subject to a mandatory referendum. A referendum is also required if a district proposes to borrow in excess of \$1,000,000 for building remodeling or improvement projects. Finally, district boards are prohibited from spending more than \$1,000,000 in reserve funds, consisting of property tax revenues and investment earnings on those revenues, to finance capital projects in excess of \$1,000,000, excluding building remodeling or improvement projects. An exception to these provisions was created in 1999 Act 9 for applied technology centers. The Act 9 provision permitted

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

Mill Rate	1985-86	1990-91	1995-96	1998-99	1999-00	2000-01	2001-02	2002-03	2003-04	2004-05	2005-06	2006-07
Less than 1.40	10	2	7	10	10	9	10	11	11	11	12	12
1.40 to 1.45	3	3	3	3	4	4	3	2	2	2	0	2
1.46 to 1.49	1	3	2	0	0	0	0	0	1	0	3	1
1.5	<u>2</u>	<u>8</u>	<u>4</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>3</u>	<u>3</u>	<u>2</u>	<u>3</u>	<u>1</u>	<u>1</u>
Total	16											

each WTCS district to expend up to \$5 million prior to January 1, 2002, for the purchase or construction of an applied technology center provided the district board meets certain criteria and the project is approved by the State Board. The provision was extended to July 1, 2003, under 2001 Act 16, and further extended to July 1, 2006, under 2003 Act 62. To date, three districts, Moraine Park, Gateway, and Chippewa Valley have requested and received approval from the State Board to construct an applied technology center under this provision.

Table 8 shows the statewide equalized value (excluding the value increment in tax incremental financing districts) and a breakdown of the total WTCS levy from 1996-97 through 2006-07. Since 1996-97, as property valuations have increased at an average of 7.9% annually, the total levy has increased by an average of 6.4% per year.

Table 9 indicates each district's operational and total tax levy and mill rate for 2005-06 and 2006-07. The percent change in each district's 2006-07 levy over the 2005-06 amount is also shown.

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
1996-97	\$212,480.9	7.5%	\$292.7	5.8%	1.38	\$57.7	5.5%	0.27	\$350.4	5.8%	1.65
1997-98	228,403.4	7.5	307.5	5.1	1.35	63.6	10.2	0.28	371.1	5.9	1.62
1998-99	243,852.0	6.8	327.1	6.4	1.34	69.1	8.6	0.28	396.2	6.8	1.62
1999-00	261,085.8	7.1	348.8	6.6	1.34	81.4	17.8	0.31	430.2	8.6	1.65
2000-01	280,085.8	7.3	375.5	7.7	1.34	90.7	11.4	0.32	466.2	8.4	1.66
2001-02	304,965.5	8.9	406.5	8.3	1.33	105.1	15.9	0.34	511.6	9.7	1.68
2002-03	327,322.3	7.3	430.3	5.8	1.31	111.6	6.2	0.34	541.9	5.9	1.66
2003-04	352,120.7	7.6	450.7	4.8	1.28	114.6	2.7	0.33	565.3	4.3	1.61
2004-05	381,588.7	8.4	477.4	5.9	1.25	113.4	(1.1)	0.30	590.8	4.5	1.55
2005-06	416,563.8	9.2	506.2	6.0	1.22	115.7	2.1	0.28	622.0	5.3	1.49
2006-07	455,759.5	9.4	531.9	5.1	1.17	118.7	2.6	0.26	650.6	4.6	1.43

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

District	2005-06				2006-07					
	Operational		Total*		Operational			Total*		
	Amount	Mill Rate	Amount	Mill Rate	Amount	% Change	Mill Rate	Amount	% Change	Mill Rate
Blackhawk	\$13.63	1.33	\$17.59	1.72	\$14.12	3.56%	1.28	\$18.38	4.47%	1.67
Chippewa	22.21	1.23	29.05	1.61	23.26	4.73	1.20	30.50	5.01	1.57
Fox Valley	42.98	1.50	48.76	1.70	45.86	6.71	1.50	51.28	5.17	1.68
Gateway	41.55	1.17	47.30	1.33	43.14	3.83	1.09	49.09	3.79	1.24
Lakeshore	14.92	1.23	18.90	1.56	15.57	4.39	1.20	19.56	3.49	1.50
Madison	66.33	1.12	74.98	1.27	70.23	5.88	1.08	78.72	4.99	1.21
Mid-State	13.38	1.28	16.16	1.54	14.00	4.66	1.24	16.97	5.02	1.50
Milwaukee	99.38	1.48	126.47	1.88	104.92	5.58	1.40	132.67	4.90	1.77
Moraine Park	24.02	1.15	29.71	1.43	25.06	4.32	1.10	31.13	4.79	1.37
Nicolet	15.49	1.03	17.55	1.16	16.26	5.00	0.97	18.64	6.19	1.11
North Central	19.36	1.48	25.22	1.93	20.78	7.35	1.48	26.45	4.89	1.89
Northeast	35.29	1.10	47.90	1.50	36.23	2.66	1.06	50.10	4.60	1.47
Southwest	8.56	1.39	11.01	1.79	9.11	6.39	1.38	11.56	5.02	1.75
Waukesha	44.18	0.97	53.32	1.17	45.98	4.07	0.93	54.92	3.00	1.11
Western	19.63	1.48	27.96	2.10	20.80	5.96	1.42	29.05	3.90	1.98
WI Indianhead	<u>25.32</u>	0.87	<u>30.09</u>	1.03	<u>26.57</u>	4.94	0.82	<u>31.57</u>	4.93	0.98
Statewide	\$506.23	1.22	\$621.97	1.49	\$531.90	5.07%	1.17	\$650.62	4.61%	1.43

*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 1996-97, state aid has declined from 17.1% to 10.7% of total system revenue. A breakdown of state aid for 2005-06 (actual expenditures) and 2006-07 (budgeted) is shown in Table 10.

Table 10: State Aid to WTCS Districts

State Aid Program*	2005-06 Actual	2006-07 Budgeted
General Aids	\$118,415,000	\$118,415,000**
Incentive Grants	5,627,124	6,483,100***
Health Care Education Programs	5,450,000	5,450,000
Supplemental Aid	1,432,500	1,432,500
Nicolet College Transfer	1,073,700	1,073,700
Training Program Grants	960,645	1,000,000
Displaced Homemaker	798,838	813,400
Faculty Development Grants	794,600	794,600
Fire Schools (PR)	599,952	600,000
Minority Student Retention Grants	580,593	589,200
Transition Services for		
Handicapped Students	382,000	382,000
Driver Education	307,500	307,500
Chauffeur Training Grants	191,000	191,000
Farm Training Tuition	137,736	143,200
Apprenticeship Curriculum		
Development	71,600	71,600
Occupational Competency Grants	64,380	68,100
Truck Driver Training (PR)	0	616,000
	\$136,887,168	\$138,430,900

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

**Aid will be reduced by \$0.6 million due to a required lapse.

***Aid will be reduced by \$0.9 million due to a required lapse.

1. General Aid. Of the \$275.3 million in total direct state aid provided to WTCS districts in the 2005-07 biennium, \$236.8 million (or 86.0%) is distributed as general, unrestricted aids through a cost-sharing formula designed to partially equalize the fiscal capacities of the 16 WTCS districts. WTCS was required under 2005 Act 25 to lapse a total of \$2.0 million from general aid or incentive grants over the biennium. As a result, \$600,000 will be lapsed from general aid in 2006-07 in order to meet this requirement in part, and the actual aid

distributed statewide will be reduced by a corresponding amount. 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 11 shows total general aid to WTCS districts from 1996-97 through 2006-07. Aidable costs represent expenditures, including debt service, associated with providing postsecondary, vocational-adult, and college parallel programs that are funded by property tax and state general aid revenues. As the table indicates, the ratio of general aid to aidable cost has declined by 8.5 percentage points since 1996-97 (from 24.3% to the current estimate of 15.8%) and has declined in each of the last 11 years. However, the increase in aidable costs has exceeded the rate of inflation (as measured by the Consumer Price Index) in all but one year during this period.

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

2. Incentive Grants Program. The largest categorical aid is the incentive grants program, which represents \$12.11 million of the amount shown in Table 10. However, to meet the 2005 Act 25 lapse requirement, \$0.9 million will be left unexpended in 2006-07, in order to partially meet this requirement. In 2005-06, the incentive grants program accounted for 4.1% of total state aid to districts. Under current law, the WTCS Board can award grants to districts, or consortia of districts, in five categories: (a) basic skills--creation or expansion of adult high school, adult basic education and English as a second language

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

	State General Aids		Aidable Costs*		Ratio of Aid to Cost	Change in CPI**
	Amount	% Change	Amount	% Change		
1996-97	\$110,199,200	---	\$453,406,400	---	24.3	---
1997-98	111,852,200	1.5%	475,166,282	4.8 %	23.5	2.3
1998-99	113,530,000	1.5	495,316,063	4.2	22.9	1.6
1999-00	115,945,000	2.1	526,551,225	6.3	22.0	2.2
2000-01	118,415,000	2.1	559,577,270	6.3	21.2	3.4
2001-02	118,415,000	0.0	598,842,862	7.0	19.8	2.8
2002-03	118,415,000	0.0	631,725,473	5.5	18.7	1.6
2003-04	118,415,000	0.0	666,710,083	5.5	17.8	2.3
2004-05	118,415,000	0.0	696,154,218	4.4	17.0	2.7
2005-06	118,415,000	0.0	710,594,304	2.1	16.7	3.4
2006-07	118,415,000***	0.0	750,445,077	5.6	15.8	3.2

*Aidable costs are based on district estimates.

**Changes in Consumer Price Index-All Urban Consumers for calendar years 1996 through 2005. CPI-U for 2006 is estimated.

***WTCS expects this amount to be reduced by \$600,000 due to a required lapse.

courses; (b) emerging occupations--new and expanding occupational training programs, courses or services, and related staff and instructional material development; (c) educational programs, courses or services that would not otherwise be established or maintained because of limitations in district fiscal capacity; (d) technology transfer--programs that assist business and industry in adopting and implementing new technology; and (e) creation or expansion of programs at secured juvenile correctional facilities.

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

3. Health Care Grant Program. This program, established in 2003 Act 33, provides grants to WTCS district boards for the purpose of increasing enrollments in health care courses and programs. Grants are intended to fund new

sections of occupational core and support courses, not to address existing capacity. In 2005-06, 45 grants were awarded, with each district receiving at least one grant. For 2005-06, total expenditures for the program were \$5,450,000, and are budgeted at \$5,450,000 in 2006-07.

4. Interdistrict Tuition Supplemental Aid. Interdistrict tuition, which was an additional charge to state residents taking courses outside their district of residence, was eliminated in 1989 Act 336, beginning in 1990-91. A supplemental aid appropriation was created to provide a per-student reimbursement to districts that receive more students from other districts than they send. State aid payments were \$1,432,500 in 2005-06 and are budgeted at \$1,432,500 in 2006-07.

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

The statutes specify that only college parallel programs operated in WTCS districts that do not have a University of Wisconsin campus within their boundaries are eligible for categorical support. Nicolet is the only district meeting this criterion. The law further provides that the aid payment be equal to that portion of the program's instructional costs not supported by fees and tuition that is equal to the state support of similar programs in the UW System. This program is budgeted \$1,073,700 annually. In 2005-06, 263 FTE students were enrolled in the program.

6. Training Program Grants. Under 2005 Act 25, the training grants program, formerly administered by the Department of Commerce under a different name, was transferred to WTCS. Under the program, the WTCS Board is permitted to award grants to district boards for skills training or other education related to the needs of business. Expenditures for the program were \$960,645 in 2005-06 and are budgeted at \$1,000,000 in 2006-07.

7. Displaced Homemaker. A displaced homemaker is an unemployed individual who has provided unpaid household services for a substantial number of years and has been dependent on the income of a family member or public assistance but is no longer supported by either means. Under this program, the State Board awards grants to WTCS districts and community-based organizations to support personal counseling, outreach and other services to displaced homemakers. Expenditures for the program were \$798,838 in 2005-06 and are budgeted at \$813,400 in 2006-07. In 2005-06, 12 districts and five community-based organizations received grants.

8. Faculty Development Grants. Under this program, established in 1997 Act 27, competitive grants are awarded to districts for faculty development programs that promote: (a) awareness of, and expertise in, a wide variety of newly emerging technologies; (b) the integration of learning technologies in curriculum and instruction; and (c) the

use of instructional methods that involve emerging technologies. Districts receiving grants must provide a match of at least 50% of the grant amount. According to WTCS administrative rule, each district is eligible to receive a flat amount plus a variable allocation based on the district's share of the total WTCS educational staff. In a given year, a district may not apply for an amount greater than the sum of the flat grant and their variable allocation for that year. In 2005-06, the flat grant was \$40,000 and the variable amount ranged from \$3,200 at Nicolet to \$30,700 at Milwaukee; variable amounts are determined by the district's share of the system's total educational staff. Expenditures for this program were \$794,600 in 2005-06 and are budgeted at \$794,600 in 2006-07.

9. Fire Schools. District boards are required to make fire fighter training programs available, free of charge, to paid and volunteer municipal fire departments. State aid reimburses districts for the operation of these programs. Funding is provided as program revenue (PR) from fire dues payments, a 2% assessment on fire insurance premiums. Expenditures for the program were \$599,952 in 2005-06 and are budgeted at \$600,000 in 2006-07. In 2005-06, funding supported training for 4,798, firefighters in programs conducted by WTCS districts.

10. Minority Student Participation and Retention Grants. Under the minority retention grant program, grants are awarded to: (a) provide counseling and tutoring services for minority students; (b) increase placement and retention of minority students in technical education programs with high earning potential; (c) provide internships to minority students enrolled in programs that prepare their graduates for admission to a teacher education program in the UW system; (d) combine basic skills and occupational training as a means of expediting basic skills remediation and increasing retention of minority students; and (e) use community-based organizations to assist in the recruitment, training and retention of minority students. Local districts are required to provide

matching funds of 25% to 75% of total project cost. Each district receiving a grant must file an annual report with the WTCS Board evaluating the results of the grant. Expenditures for the program were \$580,593 in 2005-06 and are budgeted at \$589,200 in 2006-07. Thirteen districts received grants ranging from \$10,000 to \$115,000 in 2005-06. The largest grant (to Milwaukee) accounted for 19.8% of the total amount awarded. In 2004-05, 57,031 minority students enrolled at WTCS colleges.

11. Transitional Services for Handicapped Students. This program, created in the 1991-93 biennial budget, provides grants to fund coordinated sets of activities, such as interpersonal skills and study training, intended to help disabled students make the transition from high school to postsecondary education, vocational training or continuing education. A provision in 1997 Act 27 doubled the amount appropriated for the program and required that each district be awarded an amount equal to one-sixteenth of the amount appropriated for this program. In addition, the law requires districts to provide matching funds equal to 25% of the amount awarded. In 2005-06, expenditures for the program were \$382,000. In 2006-07, \$382,000 is appropriated for the program resulting in a grant of \$23,875 to each district.

12. Driver Education. Driver education aid partially reimburses WTCS districts for the operational costs of providing driver education and chauffeur training (truck driving) instruction. Under current law, districts are to receive \$16 per credit for each student enrolled in a driver education course and \$150 per credit for each student enrolled in a chauffeur training course. In general, few, if any, claims are made for reimbursement for driver education students. Since 1993-94, when the chauffeur training reimbursement rate was increased from \$72 to \$150, the amount appropriated has not been sufficient to fully fund the program and payments have been prorated. For 2005-06, payments were prorated at 46.35%. State aid for the program was \$307,500 in 2005-06 and 2006-07.

13. Advanced Chauffeur Training Grants. These grants are awarded for the development of advanced chauffeur training facilities, the acquisition of instructional equipment for such facilities, facility and equipment maintenance costs, and costs incurred in coordinating training programs. Projects qualifying for grants include construction of truck driving ranges and construction of vehicle inspection facilities. Expenditures for the program were \$191,000 in 2005-06 and are budgeted at \$191,000 in 2005-06. In 2005-06, Chippewa Valley and Fox Valley received grants of \$50,000 and \$141,000, respectively.

14. Farm Training Program Tuition Grants. In the 1989-91 biennial budget, a tuition assistance program was created, as part of the incentive grants program, to support students enrolled in farm business and production management programs. In the 1991-93 biennial budget, a separate categorical aid program was established. Grants provide 50% of a student's tuition for up to six years of the program. In 2005-06, 1,008 students were served by this program. Expenditures for the program were \$137,736 in 2005-06 and are budgeted at \$143,200 in 2006-07.

15. Apprenticeship Curriculum Development. This aid to WTCS districts is for apprenticeship curriculum development. Funds are used to review, update and develop curricula for adult apprenticeship programs. Expenditures for the apprenticeship curriculum development program were \$71,600 in 2005-06 and are budgeted at \$71,600 in 2006-07.

16. Technical College Instructor Occupational Competency Grants. This program awards grants to pay the salaries of technical college instructors who improve their knowledge and skills through temporary work experiences in business and industry. A 50% local match is required. In 2005-06, expenditures for the program, which funded 50 instructors, were \$64,380. A total of \$68,100 is budgeted for the grants in 2006-07.

17. Truck Driver Training Grants. Under current law, there is an \$8 assessment surcharge on the commercial vehicle violations and convictions that is available for grants to WTCS districts that provide truck driver training. Currently, Chippewa Valley, Fox Valley, and Waukesha County technical colleges offer truck driver training programs. Although \$616,000 is budgeted for this program annually in the 2005-07 biennium, recent data on the number of eligible commercial vehicle violations and convictions indicate that actual surcharge revenue will be much less than the original estimate. No monies were distributed under the program in 2005-06, and revenues for that year totaled approximately \$25,000.

Tuition Revenues

In 2005-06, 14.0% (\$169.5 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 the districts' projections of costs and enrollments in order to generate the percentage of costs required by law. This method automatically causes tuition to increase as costs rise. Out-of-state students pay fees based on 100% of program costs, unless covered by a reciprocity agreement.

By law, tuition for state residents enrolled in post-secondary (associate degree and technical diploma) and vocational-adult programs is to be set at the level necessary to generate revenue equal to at least 14% of the estimated, statewide operational cost of those programs. The WTCS Board may set the percentage higher in order to generate more tuition revenue. For 2006-07, resident tuition for PS/VA courses is \$87.00 per credit or \$2,610 annually for a full-time student. The current rate was set to recover 17.7% of costs.

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 colleges in the UW System. In 2006-07, tuition for college parallel programs is \$117.90 per credit or \$3,537 annually, as compared to annual tuition of \$4,268 at the two-year UW Colleges.

Table 12 shows per credit and annual resident tuition charges from 1996-97 through 2006-07.

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 also 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.

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.

Under current law, district boards are required to grant full remission of tuition to any resident student who is the child or surviving spouse of a fire fighter, law enforcement officer, correctional officer, ambulance driver, or emergency medical services technician, killed in the line of duty in Wisconsin provided that the child or surviving spouse is enrolled in a postsecondary/vocational

Table 12: WTCS Resident Tuition

	Post-Secondary/Vocational-Adult			Collegiate Transfer		
	Per Credit	Annual*	Percent Change	Per Credit	Annual*	Percent Change
1996-97	\$51.20	\$1,536.00	---	\$64.35	\$1,930.50	---
1997-98	54.20	1,626.00	5.9%	71.55	2,146.50	11.2%
1998-99	57.00	1,710.00	5.2	76.35	2,290.50	6.7
1999-00	59.25	1,777.50	3.9	81.30	2,439.00	6.5
2000-01	61.50	1,845.00	3.8	85.90	2,577.00	5.7
2001-02	64.00	1,920.00	4.1	90.00	2,700.00	4.8
2002-03	67.00	2,010.00	4.7	94.00	2,820.00	4.4
2003-04	70.00	2,100.00	4.5	97.00	2,910.00	3.2
2004-05	76.00	2,280.00	8.6	103.00	3,090.00	6.2
2005-06	80.50	2,415.00	5.9	109.10	3,273.00	5.9
2006-07	87.00	2,610.00	8.1	117.90	3,537.00	8.1

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

adult or college parallel program. Eligible students may receive the remission for three years or until they have completed a sufficient number of credits to complete the program in which they are enrolled, whichever comes first. Between 1996-97 and 2001-02, \$15,000 GPR was appropriated annually to fund the tuition remissions; since 2002-03, \$14,300 annually has been appropriated. In 2005-06, two students received remissions totaling \$1,971.

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

Federal Aid

In 2005-06, federal aid provided 11.7% (\$141.0 million) of total system revenue. Federal funds are provided either in the form of direct federal grants to individual districts or as federal aid which the WTCS Board receives and then distributes to districts. In addition, WTCS students receive other federal loans, grants, and scholarships that are not included in WTCS revenue. According to data prepared by the Higher Educational Aids Board, need-based federal financial assistance to WTCS students totaled \$107.2 million in 2004-05, the latest year for which data is available. After student aid,

the following two programs are the largest sources of federal revenue.

- **Carl Perkins Vocational Education Act (\$14.7 million)** -- Provides support for postsecondary and adult education through: (1) a formula-based grant for services to special populations and program improvement; (2) competitive-based grants targeted for nontraditional employment and training, pre-technical learning, and work-based learning; and (3) targeted grants for carrying out the technical education program for criminal offenders. For 2005-06, total funding was \$24,712,600. Of that total, \$22,605,800 was the basic state grant, and \$2,106,800 was for tech-prep. The basic state grant was split between WTCS (\$12,576,700) and the Department of Public Instruction (\$10,029,100). Because the Governor's Work-Based Learning Board was dissolved under 2005 Act 25, the tech-prep grant also went to WTCS, for total Perkins funding of \$14,683,500.

- **Adult Education and Family Literacy Act (\$8.0 million)** -- Provides support for programs and services in adult education and literacy, including workplace literacy, family literacy, and English literacy.

Other federal monies go to specific programs at

WTCS districts and are applied for directly by the districts.

Self-Financing Operations and Miscellaneous Revenue

In 2005-06, 17.4% (\$210.9 million) of total WTCS revenue was obtained from other sources,

including auxiliary or self-financing operations, such as food service and bookstores, equipment sales, and interest income. In addition, districts may enter into contracts to provide educational services to businesses and industries, public and private educational institutions, including school districts, and government agencies.

APPENDIX I

State General Aid Formula

General aid is calculated according to the following formula factors:

1. Aidable Cost. The costs that are aided under the formula include operational costs for post-secondary, vocational-adult and 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 that is reimbursed each year is calculated by dividing the total amount available for general aid into the total equalized aidable cost. In 2005-06, 15.49% of total equalized aidable cost (or 16.66% 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 2005-06 data.

1. Aidable cost equals \$33,379,159.
2. District equalized valuation per FTE student equals \$6,430,986.
3. Statewide equalized valuation per FTE student equals \$6,205,604.
4. $\frac{\$6,205,604}{\$6,430,986} = 0.96495$ which is the district's equalization index.
5. 0.96495 times \$33,379,159 equals the district's equalized aidable cost of \$32,209,219.
6. The total amount available for general aid (\$118,415,000) is divided into the statewide equalized aidable cost of \$764,354,902 to yield 15.49%.

7. The district's equalized aidable cost of \$32,209,219 is multiplied by 15.49% to yield \$4,989,900, the district's estimated state aid entitlement for 2005-06.

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 2005-06, equalization indices ranged from 0.28883 at Nicolet to 1.71898 at Western.

Table 13 provides 2005-06 state aid estimates for each WTCS district. These figures will not be finalized until the completion of cost and FTE audits in June, 2007, when any necessary changes will be made by adjusting 2006-07 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 2005-06, the proportion of aidable cost funded through state aid varied from 4.5% at Nicolet to 26.6% at Western, with a statewide average of 16.7%. 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

Table 13: State General Aid to WTCS Districts -- 2005-06 Estimates

	2005 Equalized Valuation	2005-06 FTEs	Equalized Value/ FTE	Equali- zation Index	2005-06 Net Aidable Cost	Equalized Aidable Cost	State Aid	Ratio of Aid to Net Cost
Blackhawk	\$10,254,120,741	1,853	\$5,533,116	1.12154	\$20,818,955	\$23,349,291	\$3,617,300	17.4%
Chippewa Valley	18,117,623,096	4,367	4,148,665	1.49580	38,753,608	57,967,647	8,980,400	23.2
Fox Valley	28,971,687,027	6,075	4,769,172	1.30119	58,621,355	76,277,521	11,817,000	20.2
Gateway	35,745,387,806	5,021	7,119,847	0.87159	53,409,533	46,551,215	7,211,800	13.5
Lakeshore	12,223,401,740	2,094	5,838,619	1.06285	22,569,280	23,987,759	3,716,200	16.5
Madison Area	59,630,713,557	8,814	6,765,216	0.91728	86,100,975	78,978,702	12,235,500	14.2
Mid-State	10,593,606,088	2,055	5,155,905	1.20359	20,019,585	24,095,372	3,732,900	18.6
Milwaukee	67,893,510,254	13,031	5,210,195	1.19105	138,585,180	165,061,879	25,571,600	18.5
Moraine Park	20,893,733,549	3,249	6,430,986	0.96495	33,379,159	32,209,219	4,989,900	14.9
Nicolet Area	15,095,635,729	703	21,485,232	0.28883	14,591,017	4,214,323	652,900	4.5
North Central	13,128,660,470	2,565	5,119,254	1.21220	30,992,815	37,569,490	5,820,300	18.8
Northeast	32,104,213,478	5,999	5,351,451	1.15960	56,261,743	65,241,117	10,107,300	18.0
Southwest	6,194,452,054	1,445	4,287,065	1.44752	13,655,412	19,766,482	3,062,300	22.4
Waukesha	45,866,462,114	3,760	12,197,558	0.50876	53,464,995	27,200,851	4,214,000	7.9
Western	13,392,908,675	3,710	3,610,052	1.71898	35,935,523	61,772,445	9,569,900	26.6
WI Indianhead	<u>29,212,796,091</u>	<u>2,832</u>	10,316,671	0.60151	<u>33,435,169</u>	<u>20,111,589</u>	<u>3,115,700</u>	9.3
Total	\$419,318,912,469	67,571	6,205,604		\$710,594,304	\$764,354,902	\$118,415,000	16.7%

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 2005-06, Waukesha would have received about \$8.9 million in state aid on a straight percentage reimbursement basis based on its net aidable cost, but due to the equalization index, its aid payment was \$4.2 million. On the other hand, Western, which has the lowest property valuation behind each student, would have received about \$6.0 million if all districts were provided an equal percentage of cost, but instead received \$9.6 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 2005-06, WTCS district valuations per FTE ranged from \$21,485,232 at Nicolet to \$3,610,052 at Western, a difference of approximately 6.0 to 1. For the same year, adjusted school district valuations per pupil ranged from \$6,117,842 to \$182,131, a difference of 33.6 to 1, excluding the Norris School District.

APPENDIX II

Incentive Grants

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

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

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

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

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

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

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

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

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

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

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

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

Table 14 indicates the appropriations and expenditures for the incentive grants program for 2004-05 and 2005-06 by grant category, as well as estimates for 2006-07. During this period, approximately \$19.5 million was appropriated for

Table 14: Incentive Grants Funding and Expenditures

	2004-05	2005-06	2006-07*
Revenues			
Appropriation	\$6,533,100	\$6,483,100	\$6,483,100
Carryover	736,981	415,445	368,307
Total Available	\$7,270,081	\$6,898,545	\$6,851,407
Expenditures			
Emerging Occupations	\$3,067,152	\$2,235,856	\$1,799,500
Technology Transfer	378,444	295,785	315,000
Basic Skills	3,409,040	3,477,197	3,474,600
Total Expenditures	\$6,854,636	\$6,008,838	\$5,589,100
<i>Required Lapse Amounts</i>	<i>0</i>	<i>521,400</i>	<i>900,000</i>
Unexpended Balance	\$415,445	\$368,307	\$362,307

* Estimates

the program with basic skills grants accounting for 53.1% of total program expenditures and emerging occupations grants making up 36.4% of the total.

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

Grant Activities

1. Basic Skills Grants. These grants are awarded for the creation or expansion of: (a) adult high school; (b) adult basic education; or (c) English as a second language programs. Workplace

literacy and adult literacy programs are included in these grants. Priority in grant selection is given to programs that are new in a district, or new to a geographic region within a district and to courses serving minority, unemployed, disadvantaged, or handicapped students. Grant funds may not be used for administrative purposes.

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

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

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

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

2. Grants for New and Emerging Occupations. These grants are awarded to a district or consortia of districts for: (a) development of programs new to the state or district or of state-approved advanced technical certificates which meet the knowledge and skill requirements of emerging occupations; (b) modification of existing

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

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

4. Grants for Programs at Juvenile Correctional Facilities. The 1997-99 biennial budget act expanded the incentive grants program to include grants for the creation or expansion of educational programs at secured juvenile correctional facilities. A grant of \$50,000 was awarded to Northcentral in 2003-04 for the Lincoln Hills program.

Application and Award Process

Annually, the WTCS Board issues grant guidelines and a request for proposals to local WTCS districts for the various categories of incentive grants. The initial review of a grant application is conducted by appropriate WTCS staff or staff committees. The staff make recommendations regarding approval, denial, and funding level to the agency's division administrators and the State Board Director, who may accept, reject or modify the recommendations. The final recommendations are then presented for full Board approval.

Table 15 shows incentive grants awarded to WTCS districts in 2005-06.

Table 15: Incentive Grants -- 2005-06 Awards by District

District	Basic Skills	New Emerging Occupations	Technology Transfer	Total	% of Total
Blackhawk	\$322,663	\$116,642	\$0	\$439,305	7.2%
Chippewa	102,900	273,050	83,125	459,075	7.5
Fox Valley	269,600	113,384	0	382,984	6.3
Gateway	345,369	85,412	0	430,781	7.0
Lakeshore	191,707	533,602	83,125	808,434	13.2
Madison	389,499	305,270	83,125	777,894	12.7
Mid-State	68,000	72,639	0	140,639	2.3
Milwaukee	668,800	67,091	0	735,891	12.0
Moraine Park	105,900	111,412	0	217,312	3.5
Nicolet	41,800	54,200	0	96,000	1.6
Northcentral	153,171	86,038	0	239,209	3.9
Northeast WI	215,869	121,080	0	336,949	5.5
Southwest WI	114,246	133,359	0	247,605	4.0
Waukesha Co	238,299	41,000	83,125	362,424	5.9
Western WI	133,600	97,567	0	231,167	3.8
WI Indianhead	<u>124,900</u>	<u>94,400</u>	<u>0</u>	<u>219,300</u>	<u>3.6</u>
Total	\$3,486,323	\$2,306,146	\$332,500	\$6,124,969	100.0%

APPENDIX III

Tuition and Other Fees

Tuition Formula

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

1. **Statutory Percentage.** The statutes set the percentage of cost to be raised through tuition. There are currently two different percentages used in establishing tuition: at least 14% for post-secondary (excluding 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 that are funded by tuition, state aid, and property tax revenues.

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

Tuition for resident students is calculated using

the following equation:

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

It was estimated that, for 2006-07, PS/VA operational costs would be \$760,452,000 with 51,571 FTE students paying tuition. College parallel costs were projected to be \$55,946,000 with 5,847 FTE students. The Board decided on a target recovery rate of 17.7% of PS/VA operational costs. Thus, using the formula above, PS/VA tuition was calculated to be:

$$(\$760,452,000 \times 0.177) / (51,571 \text{ FTE}) \div 30 =$$

\$87.00 per credit (or \$2,610 annually for a full-time student)

The Board decided to recover 37.0% of the college parallel costs, thus college parallel tuition was calculated to be:

$$(\$55,946,000 \times 0.37) / (5,847 \text{ FTE}) \div 30 =$$

\$117.90 per credit (or \$3,537 annually for a full-time student)

Out-of-state students must pay an additional charge unless they are subject to a reciprocity agreement, which is discussed later in this appendix. The total amount equals 100% of the statewide cost per FTE student for operating the programs in which they are enrolled. In 2006-07, nonresident tuition equaled \$536.30 per credit for PS/VA (\$16,089 annually) and \$326.85 for college parallel (\$9,806 annually).

Although tuition is designed to recover a specified amount of operational costs statewide,

the actual percentages can vary due to unanticipated changes in enrollments and costs.

Student Materials Fees

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

Reciprocity Agreements

The WTCS currently has reciprocity agreements

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

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

APPENDIX IV

WTCS Districts

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