



**Wisconsin Technical College System (WTCS)  
2011-13 Biennial Budget Update  
as of June 28, 2011**

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**WTCS BIENNIAL BUDGET REQUEST**

***State General Aid***

Agency Request

Increase in base funding from \$119.3 million to \$127.8 million, including \$5.5 million in FY 2011-12 and \$8.5 million in FY 2012-13, for employer-focused college initiatives.

Governor

Reduction in base funding from \$119.3 million to \$83.5 million, or \$35.8 million (30%) annually. This reduction would result in a late 1980s funding level despite enrollment growth of 40% in the past decade.

Joint Finance/Legislature/Budget Act

No change to Governor's budget proposal.

***State Categorical Aid***

Agency Request

Increase to base funding from \$22.2 million to \$29.2 million, including \$7.0 million in each year of the biennium, for targeted assistance to geographic areas with sustained high unemployment and to chronically unemployed or underemployed individuals.

Governor

Maintain base funding at 2010-11 level of \$22.2 million.

Joint Finance/Legislature/Budget Act

No change to Governor's budget proposal.

***Financial Aid (through Higher Educational Aids Board)***

Agency Request

Increase funding for Wisconsin Higher Education Grants (WHEG) by \$23.4 million, including \$11.0 million in FY 2011-12 and \$12.4 million in FY 2012-13. These grants are the primary source of need-based aid for WTCS students.

Statutory change to link WTCS WHEG funding to tuition increases.

Increase funding for Minority Undergraduate Retention Grants (MURG) by \$253,900, including \$81,900 in FY 2011-12 and \$172,000 in FY 2012-13. This financial aid program serves minority students attending Wisconsin's technical colleges, tribal colleges and members of the Wisconsin Association of Independent Colleges and Universities.

Governor

Maintain base funding for WHEG at 2010-11 level of \$18.9 million.

Exclude request to statutorily link WHEG increases to tuition increases.

Maintain base funding for MURG at 2010-11 level of \$819,000.

Joint Finance/Legislature/Budget Act

No changes to Governor's budget proposal provisions pertaining to WTCS-WHEG and MURG.

***Minority Student Participation and Retention Grants***

Agency Request

Increase in base funding from \$583,300 to \$975,200, including \$391,900 in each year of the biennium, to expand promising strategies for minority student retention and success.

Governor

Maintain base funding of \$583,300 for Minority Student and Participation Grants.

Joint Finance/Legislature/Budget Act

No change to Governor's budget proposal.

**ADDITIONAL PROPOSALS**

***Local Property Tax Levy***

Governor

Impose a cap on WTCS property tax levy. A technical college district's operational property tax levy (the dollar amount, not the rate) in 2011 and 2012 may not exceed the district's operational tax levy in 2010. This levy cap sunsets after 2012. The existing 1.5 mill rate limit remains unchanged. In addition, the levy cap does not apply to taxes levied for the purpose of paying principal and interest on debt. Provide that the System Office must reduce state general aid payments to any district that exceeds the levy cap and any such aid reductions must be lapsed to the state's general fund.

Unlike the levy limits for other local units of government included in the Governor's budget, the technical college districts' levy cap does not provide a growth factor for new construction or an option to exceed the levy cap with public referendum approval.

Joint Finance/Legislature/Budget Act

Allow the amount of a district's operating levy in 2011 and 2012 to be the greater of (a) the 2010 operating levy amount; or (b) the amount of the levy generated using the 2010 mill rate.

Districts could exceed these levy limitations by approval through a public referendum. A district may also exceed these levy limitations if rescinded or refunded property taxes result in a redetermination of the districts equalized value. The provision sunsets after 2012. As specified in current law, a district's operating mill rate may not exceed 1.5 mills.

***Wisconsin GI Bill***

Governor

Repeal requirement that credits funded by the federal “Post-9/11 GI Bill” (also known as Chapter 33) count toward the 128 credit maximum allowed under the Wisconsin GI Bill. As a result, eligible veterans and qualifying spouses and dependents could use the entire eligibility under federal veterans’ education programs (up to 48 months) and still have a full 128 credits of Wisconsin GI Bill eligibility. The change would be retroactive to January 1, 2010.

Maintain current appropriation of \$6.5 million provided through the Higher Educational Aids Board (HEAB), which is shared by WTCS and UW System to partially reimburse institutions for the costs of supplemental payments and tuition remissions. Since Wisconsin GI Bill costs have always been higher than the appropriation provided through HEAB, the reimbursed amount received by WTCS colleges is prorated and historically has equaled about 20% of the cost of these remissions and payments.

Joint Finance/Legislature/Budget Act

Expand the definition of tuition to specify that certain fees must also be remitted for veterans enrolled in associate degree or vocational diploma programs for which 100% of the costs are recovered from students. Because no current WTCS associate degree or vocational diploma programs recover 100% of program costs, this provision should have little or no immediate effect on WTCS colleges.

***Tuition for Certain Undocumented Individuals***

Governor

Repeal existing law, established in the 2009-11 biennial budget act, allowing certain undocumented individuals to pay resident tuition rates at WTCS colleges or UW System institutions. Provides no change to current WTCS Board authority to establish tuition or create new requirements, limitations, or conditions for tuition.

Joint Finance/Legislature/Budget Act

No change to Governor’s budget proposal.

## ***System Board Structure***

### Governor

Expand WTCS Board to 14 members. The new member would be the Chair of the UW-Madison Board of Trustees – the independent governing board for the UW-Madison public authority created under the bill – or a designee. The bill does not include a reciprocal provision for a member of the WTCS Board to sit on the proposed UW-Madison Board of Trustees.

### Joint Finance/Legislature/Budget Act

Provision eliminated.

## ***System Office Operations***

### Governor

Reduction in the Wisconsin Technical College System Office budget of \$1.7 million annually, based on the expected implementation of several cost-savings measures. The largest reduction is through the elimination of 19.3 FTE positions, all of which have been vacant for at least one year, and related funding. In addition, all employees would be expected to pay 50% of the total required pension contribution, which for calendar year 2011 equals 5.8% of salary. Employee contributions for health insurance are also expected to increase from approximately 6% to 12.6% of the premium. In addition, the budget proposal reduces supplies and services funding by 10%.

### Joint Finance/Legislature/Budget Act

No change to Governor's budget proposal.

## ***Wisconsin Covenant***

### Governor

Cap eligibility for Wisconsin Covenant program, which provides additional state financial aid to qualified students who enroll in 8<sup>th</sup> grade, to students enrolled by September 30, 2011. Transfer responsibility for the program from DOA to HEAB, reduce annual appropriation for additional state financial aid in each of the next 8 years to reflect estimated participation, and eliminate the program and related appropriations as of the 2018-19 academic year.

### Joint Finance/Legislature/Budget Act

No change to Governor's budget proposal.

## *WiscNet*

### Governor

No provision.

### Joint Finance

Prohibit the Board of Regents, the UW System, any UW institution, or the UW Extension, directly or indirectly, from doing any of the following: (a) receiving funds from any award from the National Telecommunications and Information Administration (NTIA) under the U.S. Department of Commerce for the Building Community Capacity through Broadband (BCCB) project; (b) disbursing, spending, loaning, granting, or in any other way distributing or committing to distribute any funds received with respect to, budgeted to, or allocated for the BCCB project; and (c) participating in the planning, organization, funding, implementation or operation of the BCCB project. In addition, require the Board of Regents to reduce the amount expended on telecommunications services during the 2011-13 biennium by the total value of any funds, goods, or services that have been or will be distributed or committed to be distributed by or on behalf of the Board of Regents, the UW System, or any UW institution or the UW-Extension on or after May 1, 2011, to any participant, contractor or supplier related to the BCCB project.

Modify current law to specify that the Board of Regents shall not offer, resell, or provide telecommunications services, directly or indirectly, that are available from a private telecommunications carrier to the general public or to any other public or private entity. Define telecommunications services as including data and voice over Internet protocol services, Internet protocol services, broadband access and transport, information technology services, Internet access services, and unlit fiber.

Prohibit the Board of Regents, the UW System, any UW institution, or the UW-Extension from becoming or remaining a member, shareholder, or partner in or with any company, corporation, non-profit association, joint venture, cooperative, partnership, consortium, or any other individual or entity that offers, resells, or provides telecommunications services or information technology services to members of the general public, or to any private entity, or to any public entity other than the Board, the UW System, any UW institution, or the UW-Extension.

Specify that WiscNet could no longer be a department of office within the UW-Madison Division of Information Technology beginning on July 1, 2012 and delete \$1,400,000 PR from the UW System related to WiscNet in 2012-13. Require the Legislative Audit Bureau to conduct a program audit and financial audit of the Board of Regents' use of telecommunications services and relationship with WiscNet.

### Legislature

Prohibits the Board of Regents, any UW institution, any UW Colleges campus, or the UW-Extension from being a member, shareholder, or partner in or with any third party entity or other person that offers, resells, or provides telecommunications services to the general public or to any public or private entity beginning on July 1, 2013, unless one of the following applies: (a) the third-party entity or other person does not offer, resell, or provide telecommunications services that it did not offer, resell, or provide on June 15, 2011, and the third party entity or

other person does not offer, resell, or provide telecommunications services to a private entity, to the general public, or to a public entity other than a university or university affiliated research facility or a facility approved by the Joint Committee on Finance related to the federal broadband infrastructure grant awarded to the UW-Extension that the third-party entity was not serving on June 15, 2011; or (b) the third-party entity or other person is comprised entirely of universities and university-affiliated research facilities. Authorized the Joint Committee on Finance to postpone the July 1, 2013, effective date of this provision.

#### Budget Act

The Governor vetoed a specific section of this provision that would have allowed an indefinite postponement of the prohibitions on UW System's involvement in WiscNet by a vote of the Joint Finance Committee. As a result, UW System's participation in WiscNet and grant-funded activities past 2013 may require action by the entire Legislature through separate legislation, and ultimately, agreement from the Governor.

### ***Collective Bargaining (Act 10)***

Earlier this month, the State Supreme Court overturned a lower court decision that the open meetings laws were violated during legislative action on the Governor's budget repair bill (AB 11). This decision allowed enactment and implementation of **Wisconsin Act 10**, which significantly altered the powers and authority of public employee unions and required increased employee contributions for pension and healthcare.

#### Joint Finance Committee

Provided a Collective Bargaining Memoranda of Understanding provision that provides that a technical college district and its employee bargaining representative(s) may enter into an MOU(s) within 90 days of the effective date of the budget bill "to modify compensation and fringe benefits requirements;" and that such modifications will not trigger other provisions of Act 10. Note that the MOU option does not apply to any collective bargaining agreements entered into after February 1, 2011.

#### Legislature/Budget Act

Adopted new effective date and tax status language that was retained in the final budget act and which gave responsibility for determining the effective dates of Act 10 provisions to the DOA Secretary. On June 30, 2011, the DOA Secretary sent a letter to local officials outlining the effective dates and other implementation issues related to Act 10. In summary, for local employees not covered by a current collective bargaining agreement and in the Wisconsin Retirement System (WRS), new contribution requirements "should parallel as closely as possible the timing for state employees... [or] the August 25<sup>th</sup> paycheck." For employees covered by a health insurance plan offered by the Group Insurance Board, the new health insurance contribution rates are effective January 1, 2012.

In addition, WRS employee contributions will be treated as "pre-tax" for income tax purposes but are still subject (for the employer and employee) to FICA (Social Security) and Medicare taxes. For employees not covered by a current collective bargaining agreement, employers should discontinue the collection of union dues in the first pay period after June 29<sup>th</sup>.

## ***Capital Expenditure Limits for Residence Halls***

### Joint Finance/Legislature/Budget Act

Provided a new option for financing technical college residence halls. Specifically, student lease (or rental) revenue does not count toward the \$1.5 million capital project\_trigger requiring a district-wide referendum approval, if the project is to build or to lease/purchase a student residence hall and no other public funding (property tax, state aid or tuition) is used for the project.