

Fiscal Estimate - 2005 Session

☒ Original
 ☐ Updated
 ☐ Corrected
 ☐ Supplemental

LRB Number 05-4674/2	Introduction Number SB-669	
Description State aid to technical college districts, the technical college district property tax levy for operations, and making an appropriation		
Fiscal Effect State: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No State Fiscal Effect <input type="checkbox"/> Indeterminate <input checked="" type="checkbox"/> Increase Existing Appropriations <input type="checkbox"/> Decrease Existing Appropriations <input type="checkbox"/> Create New Appropriations </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Existing Revenues <input type="checkbox"/> Decrease Existing Revenues </div> <div style="width: 33%;"> <input type="checkbox"/> Increase Costs - May be possible to absorb within agency's budget <div style="display: flex; justify-content: space-around;"> <input type="checkbox"/> Yes <input type="checkbox"/> No </div> <input type="checkbox"/> Decrease Costs </div> </div> Local: <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> No Local Government Costs <input type="checkbox"/> Indeterminate <div style="display: flex;"> <div style="width: 50%;"> 1. <input type="checkbox"/> Increase Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 2. <input type="checkbox"/> Decrease Costs <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory </div> <div style="width: 50%;"> 3. <input type="checkbox"/> Increase Revenue <input type="checkbox"/> Permissive <input type="checkbox"/> Mandatory 4. <input checked="" type="checkbox"/> Decrease Revenue <input type="checkbox"/> Permissive <input checked="" type="checkbox"/> Mandatory </div> </div> </div> <div style="width: 33%;"> 5. Types of Local Government Units Affected <div style="display: flex; flex-wrap: wrap;"> <div style="width: 33%;"> <input type="checkbox"/> Towns <input type="checkbox"/> Counties <input type="checkbox"/> School Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Village <input type="checkbox"/> Others <input checked="" type="checkbox"/> WTCS Districts </div> <div style="width: 33%;"> <input type="checkbox"/> Cities </div> </div> </div> </div>		
<div style="display: flex; justify-content: space-between;"> <div> Fund Sources Affected <input checked="" type="checkbox"/> GPR <input type="checkbox"/> FED <input type="checkbox"/> PRO <input type="checkbox"/> PRS <input type="checkbox"/> SEG <input type="checkbox"/> SEGS 20.292(1)(d) </div> <div> Affected Ch. 20 Appropriations </div> </div>		
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Fiscal Estimate Narratives
WTCS 3/24/2006

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Description State aid to technical college districts, the technical college district property tax levy for operations, and making an appropriation					

Assumptions Used in Arriving at Fiscal Estimate

1. If enacted, SB 669 would provide an additional \$30,230,000 annually to the Wisconsin Technical College System's state aid appropriation beginning in FY 2007-08. These funds are allocated to the technical college districts by a statutory formula based on district costs, enrollments and property valuations.
2. Due to the nature of the statutory aid formula,
 - a) there is significant variation in the amount of state general aid each technical college receives and in the percentage of district revenues that are state general aid funds;
 - b) an increase in state general aid cannot be allocated to districts to replace lost revenue from property taxes; and
 - c) an increase in state general aid would not be distributed in equal amounts among the 16 technical college districts or proportionally to their relative enrollments, geographic size or population.
3. There is no provision in SB 669 that would guarantee that the Legislature and the Governor make the proposed annual increase to the WTCS general aid appropriation. This fiscal estimate assumes the appropriation of these funds.
4. If enacted, SB 669 also would prohibit technical college district boards from increasing property tax levies for operations over the amount levied by the district board in 2006. This provision would first apply in 2007 and sunset in 2021.
5. Each of the 16 technical college district board determines the district's property tax levies for operations and debt based on the district's revenue needs through a public budgeting process. The proposed freeze on levies under SB 669 affects technical colleges operational levy only.
6. The 2006-07 state general aid appropriation is \$118,415,000. This appropriation has remained constant since FY 2000-01.
7. Providing an annual increase of \$30,230,000 to the general aid appropriation over the amount appropriated in the previous fiscal year would result in gradually declining annual increases to this appropriation (25.5% increase in FY 2007-08 to a 5.6% increase in FY 2021-22).
8. In 2006, technical college district operational tax levies totaled \$501,036,611.
9. Individual technical college district revenue would be affected differently depending on the districts operational tax levy history and their share of state general aids.

Long-Range Fiscal Implications

Assuming that without enactment of SB 669, the technical colleges would retain their current tax levy authority and that the trend in state general aids would continue (zero annual increase), the long-range fiscal effect of SB 669 would be to reduce technical colleges total revenues from state general aids and operational property tax levies.

Freezing the WTCS operational property tax levies at the 2006 level while increasing the state general aid appropriation as proposed under SB 669 would result in gradually declining annual increases in total systemwide operational levy and general aid revenue (4.9% increase in FY 2007-08 to 2.9% increase in FY 2021-22). Despite these increases, the total revenue from these two sources during FY 2007-08 through FY 2021-22 would be \$209 million less under the provisions of SB 669 than if state general aids are held constant (as they have been for the last six years) but districts maintained their current authority to set their operational levy (using historic average of ~5% growth).