

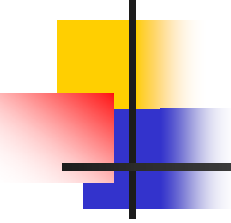
The Taxpayer Protection Amendment: An Analysis of its Impact on the UW System

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What is the TP Amendment?

- A variant on TABOR
- A limit on the growth of revenue of every level/type of government in the state
- Any relaxing of the limits would have to be approved by referenda



How the TP Amendment Would Work

- Formulas placed in the Constitution
 - Increase in **revenue** of state, counties, & tech colleges limited to Consumer Price Index (CPI) plus population growth
 - School districts limited to CPI plus enrollment growth in **5-year old** K through 12th grade
 - Cities and villages by CPI plus 60% of value of net new construction
- Rainy-day fund for state government only



How the TP Amendment Would Work

(cont.)

- “Revenue” defined as taxes, fees, licenses, fines, and revenue generated from bonds
 - Bond proceeds excluded in base year
 - UW and tech college tuition and fees are excluded

Figure 1
Actual and Allowable State Government Revenue
as a Percentage of Personal Income

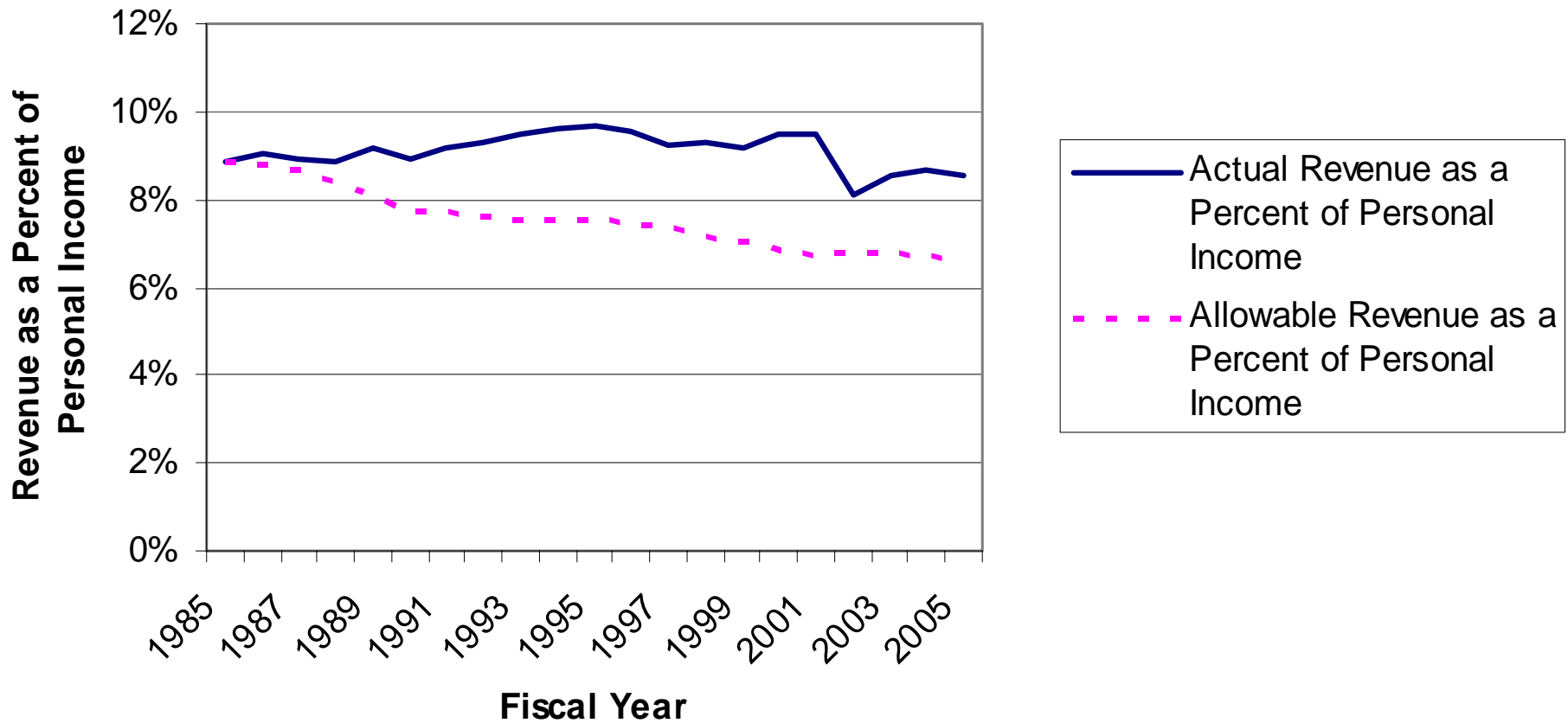


Figure 2

Actual State Government Tax and Fee Revenue Compared to Revenue Allowable with Taxpayer Protection Amendment

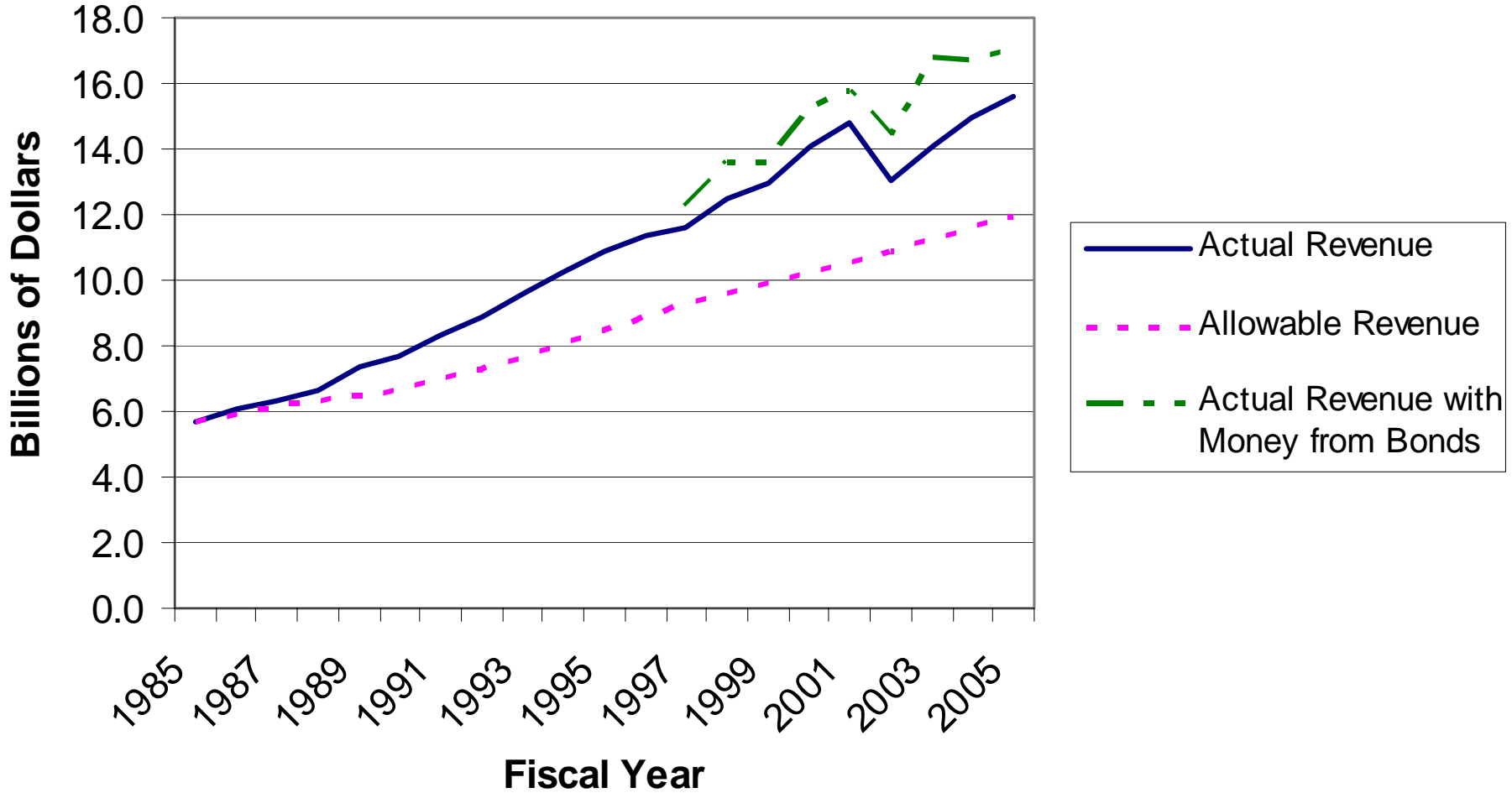
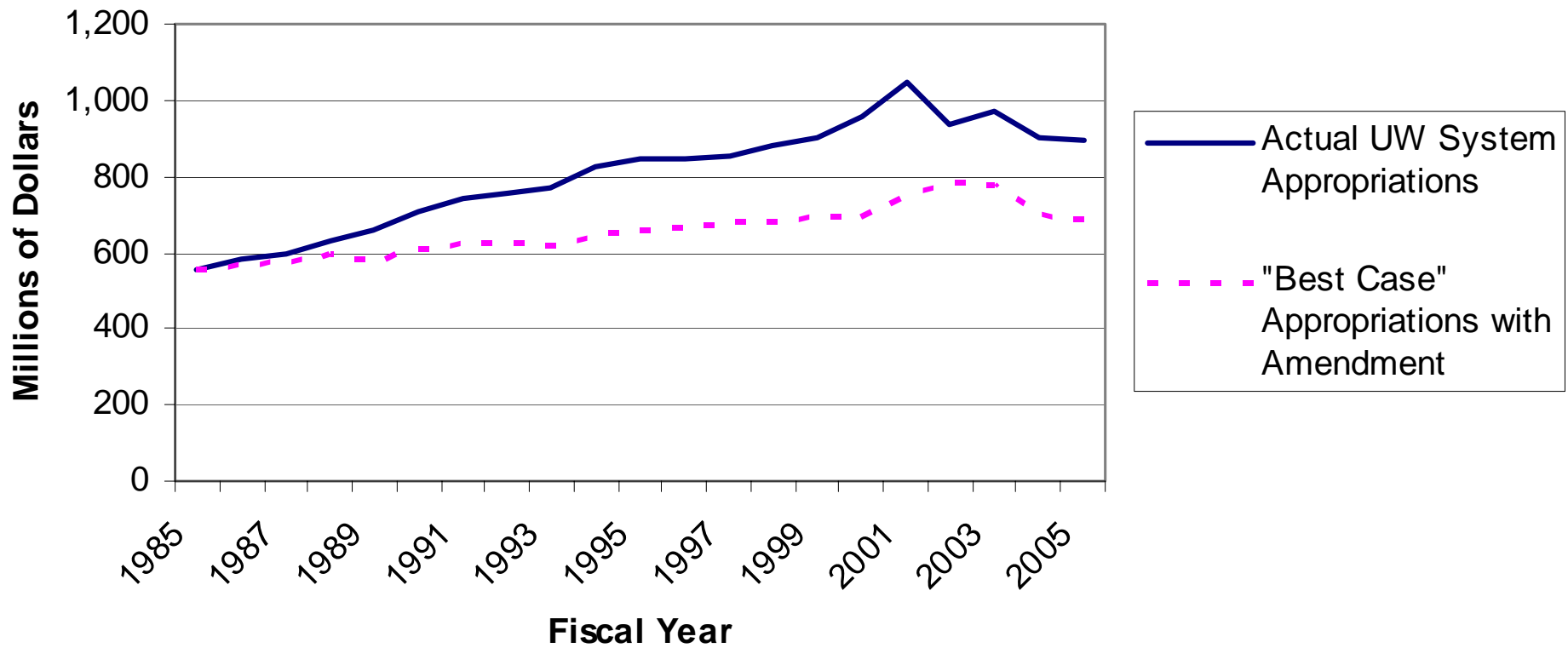


Figure 3
Actual UW System State Appropriations Compared to "Best Case" Appropriations with Taxpayer Protection Amendment



UW System State Appropriations as a Percentage of Total GPR Spending

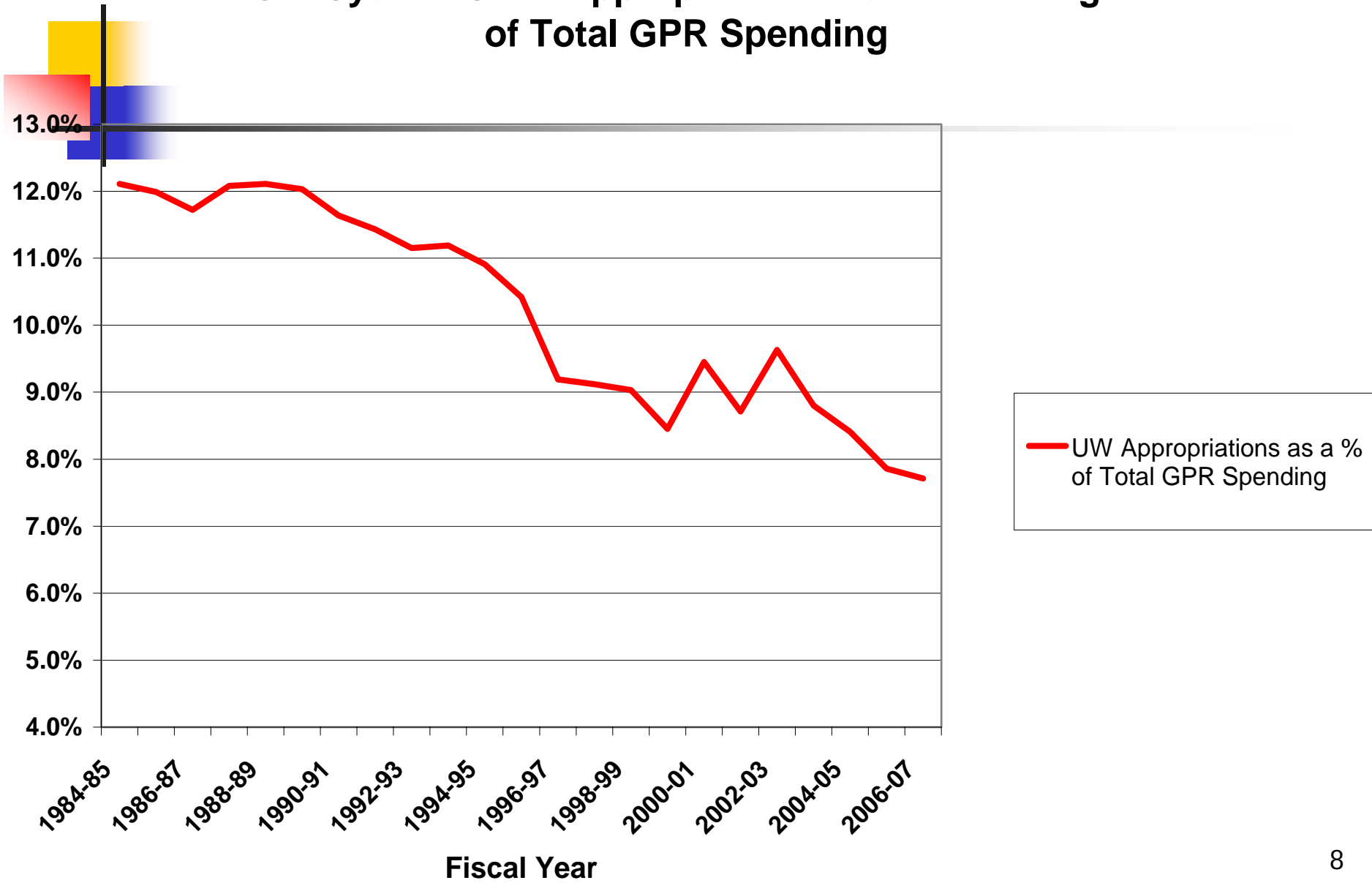
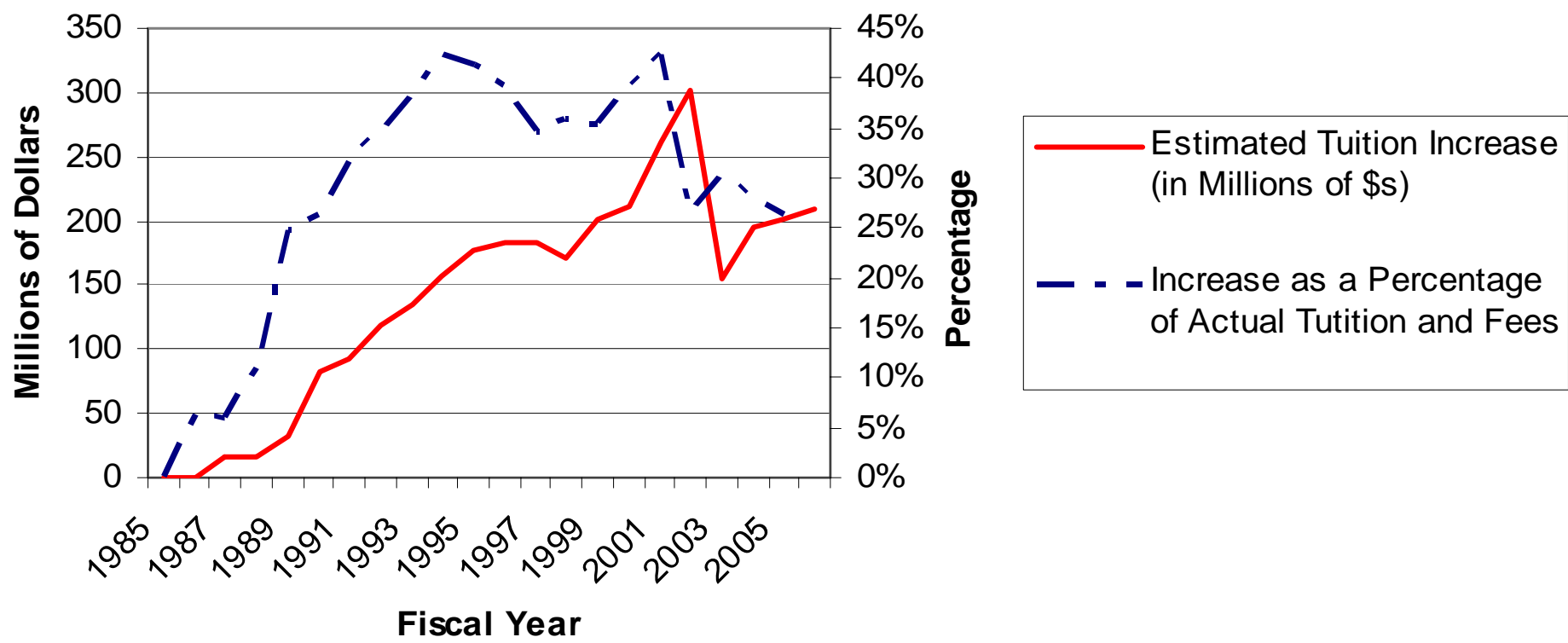


Figure 4
Annual Tuition and Fee Increase Needed to Make Up For
Appropriation Cuts due to Taxpayer Protection Amendment





Cutting Enrollment to Close the Funding Gap Caused by the TP Amendment

- “Best case” would be a 12 percent enrollment cut
- In 2005: equivalent to 16,250 students
- This is equivalent to total enrollment at:
 - UW-Stout plus Whitewater **OR**
 - UW-Green Bay, Parkside, Platteville, **and** Superior



Consequences of Reduced UWS Budgets Due to TP Amendment

- Reduced ability to attract and retain the best scholars
 - At UW-Madison in past 2 years, outside offers have doubled and % retained has fallen to 50%
 - Faculty who stay at UW-Madison on average generate \$3.50 in outside grants for every \$1.00 of university support
 - Increased turnover reduces “rate of return”



Consequences of Reduced UWS Budgets Due to TP Amendment

- State appropriations for UW are critical for maintaining and enhancing state's competitive position
- Lower investment in UWS because of TP amendment would result in the creation of fewer high-skill jobs in Wisconsin and in slower economic growth

Figure 5
Actual County Tax and Fee Revenue Compared to
Revenue Allowable with Taxpayer Protection Amendment

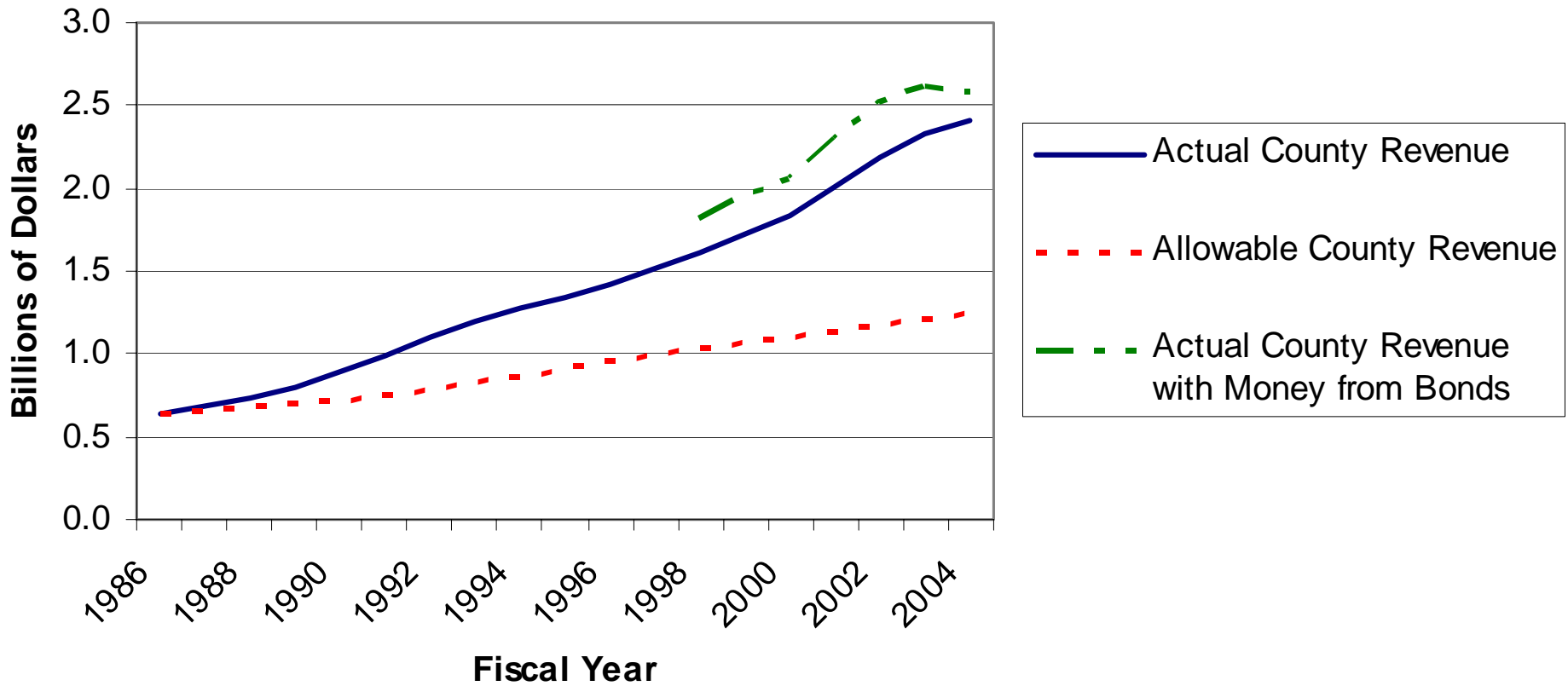


Figure 7
Actual Local School District Tax, Fee, and Bond Revenue
Compared to Revenue Allowable with Taxpayer Protection
Amendment

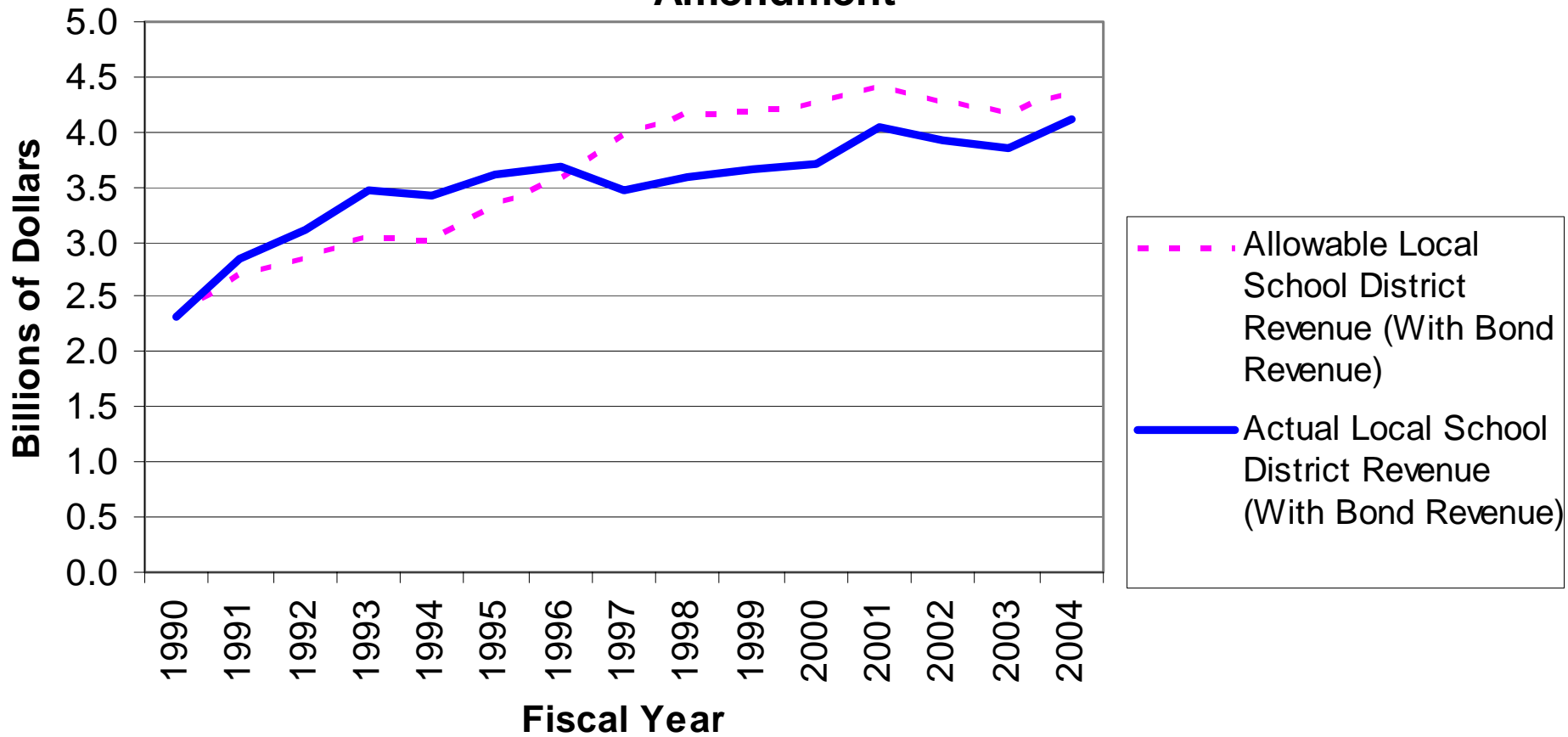


Figure 8
Actual State and Local Public School Revenue Compared to
Revenue Allowable with Taxpayer Protection Amendment

