



Legislative Fiscal Bureau

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October 12, 2011

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: Senate Bill 40: Advanced Manufacturing Skills Grants for Technical Colleges

Senate Bill 40 was introduced on March 18, 2011, and referred to the Senate Committee on Agriculture, Forestry, and Higher Education. The Committee recommended Senate Amendment 1 for adoption, and recommended SB 40 for passage as amended, on September 27, 2011, by votes of 7 to 0.

CURRENT LAW

Under current law, the Wisconsin Technical College Board awards training program grants for skills training or other customized education, provided by district boards at the request of regional businesses. Budgeted funding for the overall program is \$3,970,000 annually, in a biennial appropriation. The Board may award up to \$500,000 annually for grants to small businesses, defined as either: (a) having no more than 100 employees; or (b) having no more than \$10,000,000 in gross annual income in its most recent fiscal year.

Beginning in 2010-11, the Board must award at least \$2,000,000 for training in advanced manufacturing skills annually. While not defined in statute, advanced manufacturing is used to refer to a focus on: (a) superior manufacturing processes and product innovation, including cost savings achieved through reducing material and energy use; (b) systemic continuous improvement; (c) supply chain management and collaboration among partners and suppliers; (d) engagement in global markets for goods and services; and (e) continuous investment in education, training, and retention of highly skilled employees.

Since the program began in 2005-06, the System Board has awarded 524 grants to serve over 1,000 companies and provided training to over 61,000 employees. These figures include 115 grants awarded under the small business grant category. Staff from WTCS estimate that approximately

75% of grants awarded over the life of the program have funded advanced manufacturing projects. In 2010-11, out of a total of \$3,657,700 awarded under 97 grant projects, advanced manufacturing grants comprised 53 projects and equaled \$2,422,500.

SUMMARY OF BILL AND AMENDMENT 1

SB 40 would increase the set aside for advanced manufacturing grants by \$400,000 annually, to \$2,400,000 annually. SA 1 would correspondingly increase overall funding for training program grants by \$400,000 GPR annually, to \$4,370,000 GPR in each year.

FISCAL EFFECT

The bill as amended would increase general fund spending by \$800,000 over the biennium, to increase funding for advanced manufacturing training program grants to technical college districts.

Prepared by: Layla Merrifield