



## Legislative Fiscal Bureau

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Joint Committee on Finance

Paper #862

### Grants to District Boards (Wisconsin Technical College System)

[LFB 2023-25 Budget Summary: Page 697, #4, #5, and #7]

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#### CURRENT LAW

State aid is provided to Wisconsin Technical College System (WTCS) districts from three major appropriations. Property tax relief aid (\$449.0 million GPR in 2022-23) is subject to each district's revenue limit, and therefore reduces its operational levy by an equal amount. State general aid (\$103.3 GPR million annually) is outside of revenue limits and is distributed using a partially equalizing formula and as outcomes-based funding. State categorical aids (\$24.1 million GPR) are used to support grant categories relating to specific types of training and credentials.

#### DISCUSSION POINTS

1. The System Board has the authority to distribute categorical aid funding according to guidelines developed by the Board. In 2021-22, the Board funded grants under nine categories, including (a) core industry; (b) career pathways; (c) workforce advancement training; (d) completion; (e) integrated education and training; (f) systemwide leadership; (g) developing markets; (h) professional growth; and (i) apprenticeship-related instruction.

#### Workforce Advancement Training Grants

2. The System Board awards workforce advancement training grants to technical college districts to support customized training for incumbent employees of established businesses operating in Wisconsin, as well as regional workforce and economic development efforts. Training focuses primarily on occupational skills, but can include a combination of occupational, academic, or employability skills.

3. Annually, \$4.0 million in workforce advancement training grants is available to technical college districts, including up to \$3.5 million for general business and up to \$500,000 for

small businesses. Technical college districts may apply for competitive grants in an amount between \$2,500 and \$200,000 in partnership with a single business or consortium of businesses. Grants may be used to assess the training needs of employees, develop curriculum, provide staff development for instructional staff, purchase supplies or equipment related to instructional activities completed under the grant, provide basic skills or English language learning instruction, or provide technical assistance to employers resulting in the advancement of current employees or additional hiring of new employees.

4. In 2021-22, the System Board awarded 54 workforce advancement training grants to 12 technical college districts. WTCS indicated that in the current year, the most common training topics requested include manufacturing in areas such as blueprint reading, occupational math, and engineering and design software; leadership covering topics such as performance management, effective communication, and problem solving; and healthcare with trainings helping employees to move into high demand roles such as certified nursing assistants, medical assistants, and medications aides. Over 38,000 workers have been trained through workforce advancement training programs over the last five years.

5. Labor shortages are impacting various industries throughout Wisconsin, including healthcare, construction, professional business services, and leisure and hospitality. According to the U.S. Chamber of Commerce America Works Data Center, as of February, 2023, the number of job openings in Wisconsin was more than double the number of available workers. In its agency budget request, WTCS indicated that workforce advancement training programs can help employers meet their workforce needs by developing skills of existing employees. WTCS also indicated that surveys of participating employers found high levels of satisfaction, in addition to benefits such as increased productivity and employee retention.

6. Assembly Bill 43/Senate Bill 70 would provide an increase of \$1,500,000 GPR in 2023-24 and \$2,000,000 GPR in 2024-25 for the workforce advancement training grants to provide customized instruction and training opportunities for businesses to meet current workforce demands in various industries. In its agency budget request, WTCS indicated that the current level of funding available for the grants is not meeting demand; in each of the last five years, more than \$5 million in training projects had been proposed, of which only \$4 million could be funded annually. WTCS also estimated that if grants were provided throughout the year, rather than once per year as under current practice, demand would grow by an additional \$1 million per year. Thus, the amount of funding under the bill is estimated to be sufficient to fully meet program demand. [Alternative A1]

7. If the Committee wishes to provide additional funding for workforce advancement training grants at a lower amount, the Committee could consider providing \$1,000,000 annually, which is the amount WTCS indicated is currently requested each year in the single annual grants cycle above what is available. [Alternative A2]

8. The bill also includes statutory language that would require the System Board to award grants to district boards for the purpose of increasing the number of customized instruction and training opportunities for businesses to meet current workforce demands in various industries. Current law under s 38.41 specifies that the district board may award grants for skills training or other education related to the needs of business, but does not require that such grants are made.

## **Open Educational Resources**

9. Open educational resources include teaching, learning, and research resources that reside in public domain or have been released under an intellectual property license that permits free use and repurposing by others. The resources may include textbooks, streaming videos, modules, tests, software, and other tools used to support education.

10. In 2019, WTCS received a \$2.5 million grant from the federal Department of Education to develop open educational resources. All 16 technical colleges, led by Chippewa Valley, were involved in the development of open educational resources for nursing programs. WTCS developed five textbooks for nursing program courses with the initial grant along with 25 online virtual simulations and 25 virtual reality scenarios. The five textbooks covered courses on nursing pharmacology, nursing skills, nursing fundamentals, management and professional concepts, and mental health and community concepts. A sixth textbook for nursing assistant coursework was developed using funding from the federal coronavirus relief acts. These materials are developed with the needs of local industry and business in mind, and are written by technical college faculty with expertise in the subject matter. Materials are available to students free of charge. According to WTCS, over 5,700 students in Wisconsin are able to use the current open educational resources each year, for an estimated total annual savings of \$1.5 million (or approximately \$263 per student). Additionally, a medical terminology textbook first available in Fall, 2022, is projected to impact 8,600 WTCS college students and an additional 3,300 dual credit high school students annually, saving them an estimated \$895,000 each year.

11. AB 43/SB 70 would provide \$3,000,000 GPR in 2023-24 in the appropriation for grants to district boards (a continuing appropriation) to provide grants to create open educational resource textbooks and other materials that will allow the public and technical colleges across WTCS to access technical college course materials. [Alternative B1]

12. In its agency budget request, WTCS requested \$1,000,000 GPR in 2023-24, and \$2,000,000 GPR in 2024-25 and annually thereafter for open educational resources. WTCS indicated that this would allow open educational resources to be developed for additional courses, including those related to automotive technology, mechanical design, information technology, early childhood, and culinary programs. WTCS also indicated that providing the funding over a two-year period would give faculty the time needed to develop the materials, and ongoing funding would allow the resources to be continually updated to adapt to changes in industry practices. [Alternative B2]

## **Advanced Manufacturing, Engineering Technology and Apprenticeship**

13. Wisconsin has a long history in the forestry and paper manufacturing industries and has been a leading paper producer in the United States for over 50 years. According to the Wisconsin Paper Council, there are 17 million acres of forestland in the state, as well as 32 paper mills, many of which are located in the middle region of the state, that provide 64,000 jobs.

14. The paper industry has experienced a number of changes in recent years, beginning with a slow decline since the early 2000's as many print resources moved to electronic formats, and more recently experiencing a sharp decline when the COVID-19 pandemic impacted the demand for

printing and writing paper. Since 2021, the paper industry has rebounded as people have returned to school and work in person, but demand is not expected to return to previous levels. As a result, some paper mills have shifted focus to other products which are experiencing increased or steady demand, such as specialty papers for food packaging and hygiene and corrugated cardboard. In addition, sustainability is driving changes in the paper industry, as demand for recyclable packaging and products made from recycled materials has increased.

15. AB 43/SB 70 would provide \$250,000 annually in the appropriation for grants to district boards and would require the System Board to award a grant of \$250,000 in each fiscal year to Mid-State Technical College (Wisconsin Rapids) for an advanced manufacturing, engineering technology and apprenticeship center to train and maintain a workforce to meet the needs of the state's paper, pulp, and converting mills. The bill would specify that funds could be used for maintenance of capital equipment and supplies, equipment for student learning infrastructure and student learning support, information technology equipment, and ongoing operations. [Alternative C1]

**Overall Funding for Categorical Aid**

16. Under 2013 Act 20, the continuing appropriation for WTCS categorical aid was created by deleting and consolidating 15 separate categorical aid appropriations, beginning in 2014-15. WTCS was appropriated categorical aid funding that totaled \$21,874,200 GPR annually from 2014-15 through 2020-21, which was equal to the total amount of funding for the deleted appropriations. Under 2021 Act 58, categorical aid funding was increased to \$24,187,200 GPR annually.

17. Rather than specifying individual programs for grant funding, the Committee could increase the total amount of categorical aid funding available and allow the Board to allocate the additional funding based on the guidelines it has developed. The Committee could consider increasing the funding level for WTCS categorical aids by \$2.0 million GPR annually, \$1.5 million GPR annually, or \$1.0 million GPR annually. [Alternative D1, D2, or D3] If no additional funding is provided, the System Board would continue to distribute the currently available funding to programs based upon priority needs. [Alternative D4]

**ALTERNATIVES**

**A. Workforce Advancement Training Grants**

1. Provide an increase of \$1,500,000 in 2023-24 and \$2,000,000 in 2024-25 for the workforce advancement training grants, which is estimated to fully fund all grant requests if applications are accepted throughout the year.

ALT A1	Change to Base
GPR	\$3,500,000

2. Provide an increase of \$1,000,000 annually, which is estimated to fully fund all grant

requests if applications are accepted once per year, as under current practice.

<b>ALT A2</b>	<b>Change to Base</b>
GPR	\$2,000,000

3. Take no action.

**B. Open Educational Resources**

1. Provide an increase of \$3,000,000 in 2023-24 for grants to technical colleges for the creation of open educational resources.

<b>ALT B1</b>	<b>Change to Base</b>
GPR	\$3,000,000

2. Provide an increase of \$1,000,000 in 2023-24 and \$2,000,000 in 2024-25 for grants to technical colleges for the creation of open educational resources.

<b>ALT B2</b>	<b>Change to Base</b>
GPR	\$3,000,000

3. Take no action.

**C. Advanced Manufacturing, Engineering Technology and Apprenticeship**

1. Provide \$250,000 annually for a grant to Mid-State Technical College for an advanced manufacturing, engineering technology and apprenticeship center.

<b>ALT C1</b>	<b>Change to Base</b>
GPR	\$500,000

2. Take no action.

**D. Overall Funding for Categorical Aid**

1. Provide an increase of \$2,000,000 annually

<b>ALT D1</b>	<b>Change to Base</b>
GPR	\$4,000,000

2. Provide an increase of \$1,500,000 annually

<b>ALT D2</b>	<b>Change to Base</b>
GPR	\$3,000,000

3. Provide an increase of \$1,000,000, annually

<b>ALT D3</b>	<b>Change to Base</b>
GPR	\$2,000,000

4. Take no action.

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