



Legislative Fiscal Bureau

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February 29, 2024

TO: Members
Joint Committee on Finance

FROM: Bob Lang, Director

SUBJECT: University of Wisconsin System: Section 13.10 Request for Release of Funding for UW System Institutions Workforce Development --- Agenda Item I

On November 10, 2023, the UW System submitted a request under s. 13.10 of the statutes for release of \$31,881,800 GPR (\$15,940,900 in each year of the 2023-25 biennium) to be distributed to UW System institutions for workforce development activities as described under the request.

On December 13, 2023, the Board of Regents approved a resolution which included terms related to a proposal negotiated between the Legislature's majority party leadership and the UW System's President and Chancellor of UW-Madison. The resolution requires UW System to take a number of actions regarding System personnel and admissions processes, subject to, and contingent upon, the Legislature approving specified state funding for UW System within specified time frames. Required legislative actions include Joint Committee on Finance (JFC) approval of the UW System's request for release of \$31,881,800 GPR by the end of the legislative session in February, 2024, to be distributed to UW System institutions for workforce development, in the form presented to JFC by UW System.

BACKGROUND

Under the 2023-25 budget (2023 Act 19), \$31,881,800 GPR is provided in the Joint Committee on Finance supplemental appropriation for release to the UW System upon request and approval for performance on the workforce metrics under outcomes-based funding in s. 36.112 of the statutes. On November 9, 2023, the Board of Regents approved the UW System plan for use of the \$31,881,800 GPR included in the 2023-25 biennial budget.

The 2017-19 budget (2017 Act 59) provided \$26.25 million GPR of ongoing funding beginning in 2018-19 to be distributed to UW System institutions for outcomes-based funding. Act 59 created s. 36.112 of the statutes governing outcomes-based funding for the UW System which establishes the following goals for the UW System: (a) growing and ensuring student access; (b)

improving and excelling at student progress and completion; (c) expanding contributions to the workforce; and (d) enhancing operational efficiency and effectiveness.

For each goal, the Board of Regents was required to identify at least four metrics to measure an institution's progress toward meeting the goal. Act 59 also required the Board to develop a formula for distributing the \$26.25 million among the institutions based on each institution's performance with respect to the metrics subject to approval by the Joint Committee on Finance. In April, 2018, the Joint Committee on Finance approved the outcomes-based funding formula proposal submitted by the UW System. For each statutory goal, four metrics were established. For example, for the goal of growing and ensuring student success, metrics include the number of: (a) Wisconsin high school graduates enrolled as degree-seeking undergraduates; (b) Pell-eligible students enrolled as undergraduates; (c) under-represented students enrolled as undergraduates; and (d) transfer students enrolled as undergraduates.

Under the funding formula proposal approved by the Committee, the starting point for the allocation of the \$26.25 million of outcomes-based funding is the share each UW System institution receives of total GPR/tuition revenues, after removing moneys associated with specific expenditure purposes such as energy costs and debt service. This base of adjusted GPR/tuition revenues is used to establish each institution's initial percentage share of the outcomes-based funding. Each institution's initial percentage share is then modified by its relative performance on the metrics established under the proposal. An additional \$22.5 million each year for performance funding beginning in fiscal year 2019-20 was provided in 2019 Act 9, for a total of \$48.75 million annually in current ongoing funding.

ANALYSIS

According to the fiscal year 2023-24 outcomes-based funding report submitted to JFC on December 1, 2023, decreases in enrollment over recent years negatively affected performance on several outcomes measures systemwide as measured by the change from the current period to the base period [the current period includes the three most recent years of available data (2020-21 through 2022-23), and the base period is the three prior years, excluding the most recent year (2019-20 through 2021-22)]. With regard to workforce metrics, the number of graduates in STEM disciplines declined by 0.3% and the number of graduating Pell grant recipients declined by 5.4%. However, graduates in health-related disciplines increased by 0.8% and research and public service expenditures increased by 6.7%. In addition, the report notes that while graduates in STEM disciplines declined overall, four of 13 UW System institutions reported improvement in that metric.

According to the plan approved by the Board of Regents, the UW System would utilize the supplemental funding to address the outcomes-based funding goal of "expanding contributions to the workforce" in four fields identified as needing significant workforce additions: engineering, nursing/healthcare, business/finance, and computer/data science. Funding would be allocated as \$15,940,900 in each year of the biennium as follows: \$2,470,450 each for UW-Madison and UW-Milwaukee and \$1 million for each comprehensive institution as shown in the following table.

**UW System Planned Allocation of Workforce Development
JFC Supplemental Funding (Annual Amount Shown)**

	<u>Engineering</u>	<u>Nursing/ Healthcare</u>	<u>Business/ Finance</u>	<u>Computer/ Data Science</u>	<u>Allocation Total</u>
Eau Claire	\$162,820	\$282,531	\$414,918	\$139,731	\$1,000,000
Green Bay	282,531	271,334	260,080	186,055	1,000,000
La Crosse	0	596,000	404,000	0	1,000,000
Madison	0	0	0	2,470,450	2,470,450
Milwaukee	827,987	459,402	642,765	540,296	2,470,450
Oshkosh	117,147	720,109	0	162,744	1,000,000
Parkside	0	501,465	255,057	243,478	1,000,000
Platteville	368,941	213,621	288,448	128,990	1,000,000
River Falls	201,112	187,330	187,330	424,228	1,000,000
Stevens Point	347,919	318,204	0	333,877	1,000,000
Stout	175,780	175,780	175,780	472,660	1,000,000
Superior	0	714,795	285,205	0	1,000,000
Whitewater	<u>77,900</u>	<u>77,900</u>	<u>554,441</u>	<u>289,759</u>	<u>1,000,000</u>
Total	\$2,562,137	\$4,518,471	\$3,468,024	\$5,392,268	\$15,940,900

For each high-demand field, the plan describes subject areas where funding will be utilized to increase capacity and which system institutions would carry out this work. For engineering this includes: artificial intelligence, automation, biomedical engineering, electrical engineering, food process engineering, paper science and chemical engineering, and robotics. According to the plan, this will yield an additional 2,250 graduates over a five-year period and would include a strategy of increasing engineers across Wisconsin at the following institutions: UW-Eau Claire, UW-Green Bay, UW-Milwaukee, UW-Oshkosh, UW-Platteville, UW-River Falls, UW-Stevens Point, UW-Stout, and UW Whitewater. For example, UW-Eau Claire plans to allocate approximately \$162,800 to establish a robotics engineering major, with a goal of 100 additional graduates over five years. UW-Milwaukee plans to allocate approximately \$828,000 to expand capacity, reduce time-to-degree, and increase new student access through additional faculty, instructors, and student support staff. This additional capacity is estimated to result in 1,200 additional graduates over five years.

For nursing/healthcare, the focus would be on expanding nursing capacity, health administration, mental health, prelicensure nursing, radiological sciences, and a registered nurse (RN) to Bachelor of Science in Nursing (BSN) program at each institution except UW-Madison. According to the plan, this would lead to an increase in 2,390 graduates over five years. For example, UW-Oshkosh would allocate approximately \$720,100 to expand nursing program capacity by increasing access to pre-nursing coursework and increasing undergraduate student nursing enrollment to increase the number of graduates by 500 over five years. UW-Platteville would plan to allocate approximately \$213,600 to expand capacity to meet demand for its pre-healthcare program and launch an RN to BSN completion degree program in collaboration with regional technical schools. This would be estimated to yield 110 graduates over five years.

For business/finance, the plan points to additional investments in the following areas: agriculture MBA, artificial intelligence, actuarial sciences, business/data analytics, finance, financial technology, insurance, marketing, new product development, risk management, and supply chain management. Funding allocated for these priorities would yield an estimated 2,525 graduates over a five-year period and include work at the following institutions: UW-Eau Claire, UW-Green Bay, UW-La Crosse, UW-Parkside, UW-Platteville, UW-River Falls, UW-Stout, UW-Superior, and UW-Whitewater. For example, UW-La Crosse would allocate \$404,000 to increase instructional staff to expand capacity in its College of Business Administration to produce an estimate 650 additional graduates over five years. UW-Superior would allocate approximately \$285,200 to enable growth in the number of certificates (minors) available, expand career pathway programming, and support additional undergraduate and graduate programs, yielding an estimated 375 additional graduates over the five-year period.

For computer/data science, additional investments would be made in the following areas: application development, artificial intelligence, computer engineering, cybersecurity, data informatics, data science, networking, and predictive analytics, yielding an estimated 2,185 graduates over a five-year period and would involve each institution except UW-La Crosse and UW-Superior. UW-Madison plans to utilize its entire \$2,470,450 annual allocation to add faculty, instructional staff, student services and advising in its School of Computer, Data, & Information Sciences, resulting in an increase of 625 graduates over five years. UW-Green Bay would allocate approximately \$186,100 to increase faculty to establish two data science, and computer engineering academic areas of emphasis, yielding 100 graduates over five years. UW-Parkside would allocate \$243,500 to create a Center for Artificial Intelligence and Business Analytics yielding an additional 125 computer science graduates over five years.

Approval of the plan submitted by the UW System would be consistent with the agreement approved by the Board of Regents as negotiated between the Legislature's majority party leadership and the President of the UW System and Chancellor of UW-Madison. All items requiring legislative action have been addressed. (AB 921/SB 895 which funds select building projects for UW System was received by the Senate from the Assembly concurred in on February 22, 2024; AB 140/SB 161 which transfers reciprocity administration from the Higher Educational Aids Board (HEAB) to UW System was received by the Senate from the Assembly concurred in on February 22, 2024; AB 920/SB 896 which provides appropriation language for the reciprocity administration transfer was received by the Senate from the Assembly concurred in on February 22, 2024; and SB 367/AB 370 Act 95 which provides guaranteed admission to UW System institutions for Wisconsin residents graduating in the top 10% of their class (or 5% for UW Madison) was published on February 21, 2024.)

CONCLUSION

Approve the plan submitted by the UW System and release \$31,881,800 GPR held in reserve for workforce development in the Committee's s. 20.865(4)(a) appropriation and increase the UW System's s. 20.285(1)(a) appropriation by \$15,940,900 GPR in 2023-24 and \$15,940,900 GPR in 2024-25.

Prepared by: Erin Probst