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Joint Committee on Finance

Paper #726

Grants to District Boards (WTCS)

[LFB 2013-15 Budget Summary: Page 507, #5]

CURRENT LAW

Under current law, GPR-funded categorical grant awards to technical college districts include 15 separate programs, appropriated for specific purposes, under the Wisconsin Technical College System (WTCS). The categorical grants include the following: (a) incentive grants; (b) health care education programs; (c) training program grants; (d) interdistrict tuition supplemental aid; (e) Nicolet collegiate transfer program; (f) displaced homemakers program; (g) faculty development grants; (h) minority student participation and retention grants; (i) transitional services for handicapped students; (j) driver education local assistance; (k) school-to-work programs for children at risk; (L) advanced chauffeur training grants; (m) farm training program tuition grants; (n) apprenticeship curriculum development; (o) technical college instructor occupational competency grants. Combined funding for these programs is \$21,874,200 GPR in 2012-13.

GOVERNOR

Delete \$21,874,200 GPR in 2014-15 and delete 15 current categorical aid programs for technical college districts on July 1, 2014. Provide \$21,874,200 GPR in 2014-15 in a new continuing appropriation for aids and grants to district boards, to consolidate current GPR grants into a single appropriation. The bill would also delete two GPR appropriations that are not currently used or funded: (a) basic skills instruction in jails and prisons; and (b) emergency medical technician training--state operations.

Provide that, beginning in 2014-15, the WTCS Board could award grants to district boards from the new appropriation for activities the Board determines are related to the performance criteria specified under the bill for state general aid to technical colleges (to be

addressed in a separate issue paper). Require the Board annually submit a report to the Department of Administration that would describe how the moneys appropriated for grants to district boards would be distributed in the current fiscal year and programs that the moneys would fund.

Beginning in 2014-15, the System Board would be permitted to award grants for any of the activities specified for categorical aid programs under current law, with the same matching requirements as under current law, where applicable. Two exceptions to this would be: (a) driver training courses; and (b) interdistrict tuition supplemental aid. These two grant programs would be deleted as of July 1, 2014. Provide that basic skills instruction in jails and prisons would be eligible for the consolidated grant program. The bill would delete grants received for basic skills instruction from the list of receipts to be deducted from aidable costs under state general aid.

DISCUSSION POINTS

1. The 15 GPR categorical aid appropriations that would be deleted and consolidated under the bill, and their funding amounts, are shown in the table below.

<u>GPR Grant</u>	<u>2013-14</u>	<u>2014-15</u>
<i>Proposed Appropriation</i>		
Grants to district boards	\$0	\$21,874,200
<i>Current Appropriations</i>		
Incentive grants	\$6,418,300	\$0
Health care education programs	5,395,500	0
Training program grants	3,970,000	0
Supplemental aid	1,418,200	0
Aid for special collegiate transfer programs	1,063,000	0
Displaced homemakers' program	805,300	0
Faculty development grants	786,700	0
Minority student participation and retention grants	583,300	0
Services for handicapped students--local assistance	378,200	0
Driver education--local assistance	304,400	0
School-to-work programs for children at risk	282,100	0
Chauffeur training grants	189,100	0
Farm training program tuition grants	141,800	0
Apprenticeship curriculum development	70,900	0
Technical college instructor occupational competency program	67,400	0
Basic skills grants	0	0
Emergency medical technician--basic training--state operations	<u>0</u>	<u>0</u>
Totals	\$21,874,200	\$21,874,200

2. Information is provided in the attachment on the smaller current law categorical grant programs that would be consolidated under the bill. Statutory language for four current law categorical aid programs, which would likewise be consolidated under the bill, may require modification to accomplish the Administration's intent, or for other reasons. These issues are

addressed below.

Incentive Grants

3. The largest current categorical aid program is incentive grants, at \$6,418,300 in 2012-13. Competitive incentive grants currently support a variety of purposes, including basic education instruction, high school equivalency diploma (HSED) programs, and student transitioning from adult basic education (ABE) and English language learning (ELL) to occupational education. Grants are also awarded to business, labor, and technical college partnerships for the provision of ABE and ELL instruction related to incumbent workers' occupations. Some projects integrate ELL and ABE instruction into "career pathway" programs, to help basic education students transition to advanced manufacturing or business courses. Other incentive grants promote manufacturing education, including promoting youth awareness of manufacturing careers, and developing or adapting educational programs that teach skills for emerging or expanding occupations. Current law also specifies that grants may be awarded for the creation or expansion of programs that assist in coordinating the efficient and cost-effective delivery of WTCS services.

4. In 2012-13, incentive grant totals by grant category will equal: (a) \$959,600 for adult literacy (27 projects funded, with 1,280 participants); (b) \$2,515,000 for adult basic education, adult secondary education, and English language learning (16 projects, with 5,854 participants); (c) \$360,400 for workplace adult basic education (14 projects, with 598 participants); (d) \$149,400 for apprentice instruction (19 projects funded); (e) \$350,000 for manufacturing sector assistance (5 projects funded); (f) \$2,569,100 for new and expanding occupations (14 projects, with 471 participants); (g) \$100,000 for nursing training grants (3 projects); (h) \$640,200 for development and work on alignment and instructional consistency in systemwide curriculum (21 projects); and (i) \$200,000 for an online platform allowing interoperability of course management systems in each district, in order to allow collaboration to standardize course content systemwide, enhancing transferability of credits. (Funding is provided in a continuing appropriation, so unused or returned grant funding is carried over to the following fiscal year. Grant awards total \$7,843,700 in 2012-13, or \$1,425,400 more than the appropriated amount, using moneys carried over from prior years.) Typically, each technical college district receives incentive grants each year, although the amounts and projects funded vary.

5. In addition, under incentive grants, the System Board is required annually to award at least \$100,000 in grants for nurse training programs and at least \$1,500,000 for adult literacy programs. These required amounts would remain in place under the bill, although according to the Executive Budget Book, the purpose of consolidating 15 grant programs into a block grant under WTCS is to provide flexibility to the Board in allocating funding to meet performance criteria specified for the System under state general aid. In order to maximize that flexibility, it might be desirable to delete current law references to minimum incentive grant amounts.

Training Program Grants

6. Also known as "workforce advancement training" (WAT) grants, the program provides competitive grants for skills training or other customized education for incumbent workers, provided by district boards at the request of regional businesses. Under current law, the WTCS Board is permitted to award up to \$500,000 annually in grants for small businesses, those with no

more than 100 employees or \$10 million in gross annual income. In this category, the Board awarded 31 grants for \$489,000 in 2011-12. A total of 68 small businesses and 984 employees were served. If the \$500,000 set-aside is exhausted, however, small businesses can request a grant under the general business category.

7. In 2011-12 in the general business category, the Board awarded 80 grants totaling \$2,520,500, serving 279 businesses and an estimated 15,000 employees. Grant funds may not be used for administration, marketing, or indirect costs, and grantees must submit to the Board information on the use and effect of the grant funds. For the general business grant category, current law requires that WTCS must award at least \$2,000,000 annually for training in advanced manufacturing skills. Training can include process innovation, developing and documenting standard operating procedures, promoting lean manufacturing and Six Sigma principles, enhancing workplace efficiency, and reducing accidents. Using WAT grants, technical colleges have also provided incumbent employee training in welding, machining, blueprint reading, or other technical skills. Grantees have reported incumbent workers were promoted following the training, allowing businesses to subsequently hire additional workers.

8. Appropriated funding equals \$3,970,000 in 2012-13, and at least 72 projects, serving 11,168 participants, will be funded this year. If funds are available, the Board will continue to award grants through the end of the fiscal year. Funding is provided in a biennial appropriation, meaning unused or returned grant moneys are available to carry over into the second year of the biennium. Unused funds at the end of the second year of the biennium lapse to the general fund.

9. Under the bill, the requirement that the Board award \$2,000,000 in training program grants for advanced manufacturing skills would still apply. It appears that this provision could be interpreted to require \$2,000,000 of the new consolidated grant program to be used for this purpose. In addition, the Board would be limited to awarding no more than \$500,000 under the small business category of WAT grants. Again, in order to provide the System Board with additional flexibility in the use of funds to influence district priorities as well as the ability to respond to changing workforce needs in the future, the Committee could consider modifying or deleting the language that prescribes the level of funding for these subcategories of WAT grants.

Aid for Special Collegiate Transfer Programs

10. Under current law, the Nicolet Area Technical College is provided \$1,063,000 GPR annually to support its collegiate transfer (CT) program. With campuses in Rhinelander and Minocqua, Nicolet is the only public higher education institution in its region. The statutes for special collegiate transfer program aid specify that only CT programs operated in WTCS districts that do not have a University of Wisconsin campus within their boundaries are eligible for categorical support. Nicolet is the only district meeting this criteria. In 2012-13, enrollment in the CT program is 269 FTE students.

11. Because the program is supported by this categorical aid, the costs of operating the Nicolet CT program are excluded as aidable costs for the state general aid distribution formula. Because Nicolet will likely no longer receive aid for the program from the consolidated grant program, WTCS, in a March 25, 2013, letter to the Co-Chairs of the Committee, requested a statutory change under the bill to allow Nicolet's CT costs to be included as aidable costs under the

general aid formula, effective July 1, 2014. Four other technical colleges currently operate CT programs, and all costs are eligible for general aid. Nicolet could receive approximately \$260,000 in 2014-15 in additional general aid for the program, based on calculations using the 2012-13 aid factors and appropriation level. The actual 2014-15 amount would depend on Nicolet's CT costs and FTEs, changes in other districts' aid factors, and the funding available for distribution under the general aid formula.

Apprenticeship Curriculum Development

12. Apprenticeship curriculum development aid is provided to WTCS districts to review, update, and develop curricula for adult apprenticeship programs. It is unclear under the bill whether the Board would be authorized to expend moneys from the new consolidated grant appropriation for apprenticeship curriculum development, once the appropriation language for that program is deleted. However, one of the permitted uses of incentive grants is for programs "that foster the provision of classroom instruction for apprentices." It could be argued that apprenticeship curriculum development would be authorized under this provision. Also, the System Board would be authorized to make grants from the new appropriation for activities the Board determines are related to the performance criteria specified under the bill for state general aid. One could argue that apprenticeship programs, for example, increase the placement of students in jobs related to students' programs of study. Alternatively, the Committee could choose to modify the bill, to specify that apprenticeship curriculum development is a permissible activity and purpose under the new consolidated grant program.

Proposal for Block Grants

13. Proponents of the block grant approach argue that a consolidated grant will allow the System Board maximum flexibility to steer funding toward the state's most pressing workforce training needs, as those needs arise. Some argue that certain categorical aid programs have become outdated, but, due to the deliberative nature of legislation, statutory changes to required programs are relatively rare. Program funding levels do not necessarily reflect either demand for such programs, or the state's evolving workforce priorities. It can be argued that the consolidated program would permit more efficient use of scarce state resources. WTCS would be provided a flexible pool of funding, which could timely and effectively influence district board priorities, or provide aid to address urgent local workers' needs, such as in the case of a mass layoff.

14. On the other hand, critics argue that the consolidated grant would not require that grants be distributed evenly amongst the geographic regions of the state, nor would it guarantee funding for particular programs or districts. The current categorical aid approach allows the Legislature more discretion to set funding priorities through line item appropriations and to specify additional grant qualifications or uses. In contrast, consolidated grants would be awarded according to the System Board's priorities.

15. In considering providing more discretion to the Board, the Board is regularly briefed on the activities and needs of technical colleges, and by statute must include an employer, an employee, a farmer, and a technical college student, as well as six additional public members, all of whom are appointed by the Governor. Three ex officio members are the Superintendent of Public Instruction or designee, the President of the University of Wisconsin Board of Regents or designee,

and the Secretary of Workforce Development. One could argue, then, that legislative oversight of funding for the System is diminished by providing additional authority to the Board. On the other hand, the Legislature would continue to set broad state funding policies for the System during biennial budget deliberations. If further information is desired, the Committee could require the System to provide copies of the required annual report to the Joint Finance Committee, and the appropriate standing committees of the Assembly and Senate, in addition to the Secretary of Administration.

ALTERNATIVES

1. Approve the Governor's recommendation to delete 15 current categorical aid programs as of July 1, 2014, and, instead, provide \$21,874,200 GPR in 2014-15 in a new continuing appropriation for aids and grants to district boards, to consolidate current GPR grants into a single appropriation. Require the Board annually submit a report to the Department of Administration that would describe how the moneys appropriated for grants to district boards would be distributed in the current fiscal year and programs that the moneys would fund.

2. Make any or all of the following modifications to the bill:

a. Delete current law under the incentive grant program that requires that minimum grant totals of at least \$1,500,000 for adult literacy programs and \$100,000 for nurse training programs must be awarded annually.

b. Modify current law under training program (WAT) grants, to allow the System Board to make grants for advanced manufacturing skills, rather than require that grants under this category total at least \$2,000,000 annually.

c. Modify current law to include net costs and FTEs related to the Nicolet Area Technical College collegiate transfer program as aidable costs and FTEs for the purposes of state general aid, beginning in 2014-15.

d. Specify that the System Board could choose to make consolidated grant awards for the purpose of apprenticeship curriculum development.

e. Require that the System Board submit its annual report on the consolidated grant program to the Joint Committee on Finance, and the appropriate standing committees of the Assembly and Senate, in addition to the Secretary of Administration.

f. Require that the System Board, to the extent practicable, ensure that grants are awarded to each geographic region of the state represented by the technical college districts.

3. Delete provision. This alternative would retain current law and the 15 current categorical aid programs for technical colleges.

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Attachment

ATTACHMENT

Description of Other Current Categorical Aid Programs

Health care education program. The program awards grants to expand capacity in health occupation programs, primarily nursing, by adding course sections and purchasing advanced instructional technology that allows colleges to serve more students. In 2012-13, 41 projects were funded, serving 4,245 participants, with \$5,395,500.

Interdistrict tuition supplemental aid. Interdistrict tuition, which was an additional charge to state residents taking courses outside their district of residence, was eliminated beginning in 1990-91. The supplemental aid appropriation was created to provide a per-student reimbursement to districts that receive more students from other districts than they send. Six districts received payments totaling \$1,418,200 in 2011-12 (Chippewa Valley, Fox Valley, Madison, Northeast WI, Waukesha County, and Western.)

Displaced homemakers program. Competitive grants are awarded under the displaced homemakers program, to help improve the employability of individuals who have worked primarily in the home without pay, but must now support themselves and their families due to widowhood, divorce, or separation. Grants fund job seeking support, academic and skills training, and participants are expected to find employment after the program. Appropriated funding equals \$805,300, and 16 grants were awarded to serve 1,159 participants in 2012-13.

Faculty development grants. Funding is provided to train WTCS faculty in newly emerging instructional technologies, and to integrate that technology into curriculum and instruction. Districts receiving grants must provide a 50% match of the grant amount. In 2012-13, available funding totals \$786,700, and 16 projects serving 3,890 participants were funded.

Minority student participation and retention. Under the program, competitive grants are awarded to create or expand programs for students of color that: (a) increase placement and retention rates in technical education programs with high earning potential; (b) combine basic skills and occupational training to expedite basic skills remediation and increase retention; (c) work with community based organizations to assist in recruitment, training, and retention; and (d) provide counseling and tutoring. In 2012-13, 14 projects have been awarded, serving 2,091 participants. Funding equals \$583,300 annually.

Transition services for handicapped students. This program provides grants to assist individuals with disabilities in transitioning from high school or the community to a technical college, or from technical college to employment. Funds are divided equally among the colleges, with a 25% local match requirement, to fund services such as assistive technology, summer orientations, college study training, and meetings to develop and monitor individual education plans for enrolled students.

Driver education. Driver education aid partially reimburses WTCS districts for the operational costs of providing driver training and chauffeur (truck driving) training. Under current

law, districts are to receive \$16 per credit for each student enrolled in a driver education course, and \$150 per credit for each student enrolled in a chauffeur training course. In general, few claims are made for reimbursement for driver education students. Payments have been prorated for many years, primarily due to chauffeur training reimbursements. Appropriated funding is \$304,400 annually.

School-to-work program for at-risk youth. A grant is awarded annually to implement a program in Milwaukee that is affiliated with the national Jobs for America's Graduates (JAG) program. The program assists children at risk in graduating from high school or obtaining a GED, acquiring employability skills, and providing them with occupational skill training before leaving high school. The grant equals \$282,100, and serves 150 participants.

Advanced chauffeur training grant program. Grants are provided for the development and operation of WTCS truck driver training facilities, the acquisition of instructional equipment, facilities and equipment maintenance costs, and program coordination at the three colleges that operate truck driver training programs--Chippewa Valley, Fox Valley, and Waukesha County.

Farm training program tuition grants. Grants provide 50% of a student's tuition for up to six years, to support students enrolled in farm business and production management programs. In 2011-12, 737 students were served by the program, and annual funding totals \$141,800.

Technical college instructor occupational competency program. This program awards grants to pay the salaries of technical college instructors who improve their knowledge and skills through temporary work experiences in business and industry, as a means to stay current on industry practices and technology, thus improving instruction. A 50% local match is required. In 2011-12, 28 instructors were funded, using \$65,800. Appropriated funding is \$67,400 in 2012-13.