



Increasing Wisconsin's Workforce Participation

2019-21 Biennial Budget Initiative

Issue

The Wisconsin Technical College System (WTCS) is Wisconsin's skilled talent pipeline and an excellent investment for Wisconsin's students, families, employers and taxpayers. Deepening Wisconsin's talent base is an economic imperative if the state is to remain competitive in a global marketplace. Access to a large, skilled talent pool is a major factor when employers decide to expand or relocate. Wisconsin's declining population trends exacerbate the need to expand labor market participation, attract new workers and engage historically underemployed individuals in the state's workforce. Greater direct investment in Wisconsin's technical colleges is needed for recruitment and upskilling to meet Wisconsin's workforce needs.

Background

Success for Graduates and Results for Employers

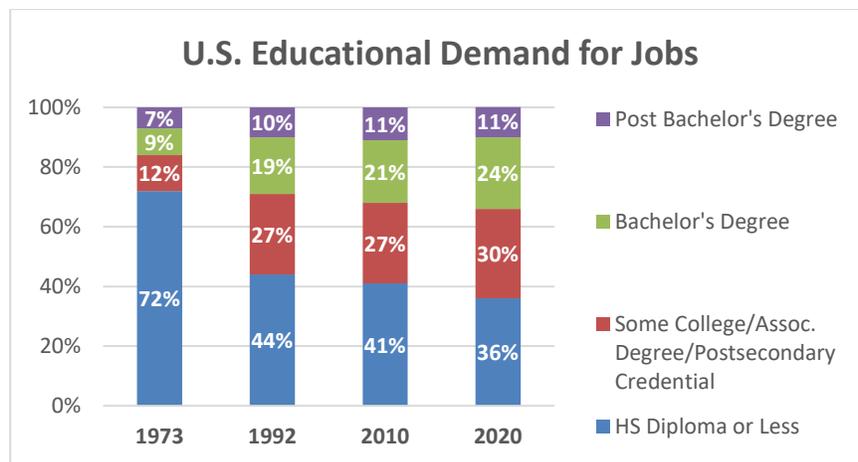
Given existing revenue, WTCS produces outstanding results:

- Over 94 percent of WTCS college graduates stay and work in Wisconsin.
- 98 percent of employers say a technical college is important to the success of their business.
- During the three-year period, 2015-2017, WTCS colleges created 143 new programs and discontinued or suspended 105 programs to rapidly respond to local workforce needs.
- During the same three-year period, WTCS colleges provided customized instruction to employers, training on average almost 109,000 employees each year.

Despite these outstanding outcomes, much more is required of WTCS in order to help address Wisconsin's current and future workforce needs.

Wisconsin's Workforce Challenges

Wisconsin is projected to experience a 5.1 percent decline in its “prime” working age population (i.e., ages 25-54) between 2010 and 2040. In addition to requiring more workers, Wisconsin’s labor market — consistent with national trends — increasingly demands a more educated and skilled talent pool. In Wisconsin, it’s estimated that by 2025, 60 percent of job openings will require some sort of postsecondary education. Yet in 2016, only about 48 percent of Wisconsin residents ages 25 to 64 had earned a credential beyond high school (i.e., a certificate, diploma or degree, or completion of a registered apprenticeship).



This gap is especially acute in less populous areas of Wisconsin, where the percentage of those age 25 to 64 with an associate’s degree or higher is 33 percent in counties of less than 50,000 in population as compared with 44 percent for the same age group in counties with populations of 50,000 or more.

The need to retrain existing workers will continue for the foreseeable future. For example, based on national projections from the McKinsey Global Institute, it is estimated some 235,000 Wisconsin workers will need to retrain and change occupations by 2030 due to advances in computing and robotics.

Expanding Wisconsin's Talent Pool by Increasing Enrollment at WTCS Colleges

Addressing Wisconsin’s workforce shortage must begin with reversing declining enrollments at WTCS colleges. Reasons for the decline are beyond the scope of

any single institution to address: national demographic changes have resulted in fewer high school graduates, Wisconsin is considered an outmigration state, chronically underemployed individuals face multiple barriers to education, and the current robust economy encourages individuals to forego educational opportunities for work. However, WTCS colleges can grow enrollments by expanding partnerships with K-12, workforce boards, community-based and industry organizations; better educating students and families here and in surrounding states of Wisconsin's technical career opportunities; and providing appropriate supports for diverse groups of learners. As open access institutions, WTCS colleges are uniquely suited to meet this challenge. No one is turned away based on an arbitrary test score, a previously unsuccessful postsecondary experience, or told they've been out of school for "too long." Small class sizes, industry experienced faculty and clear, defined career pathways lead to success for students and Wisconsin employers.

Expanding Wisconsin's Talent Pool with Underserved Populations

For Wisconsin to meet its current and projected workforce challenges, it must expand participation to include individuals that have historically lacked access to postsecondary opportunities or have been underserved by traditional models of higher education, including the underemployed and chronically unemployed.

Underserved populations often face multiple obstacles on their journey to begin, persist and complete their career education. Fortunately, WTCS is well versed in providing the comprehensive academic and support services required to help individuals meet these challenges and attain their goal of a credential or degree.

- **Disabled** – Job placement for graduates with disabilities increased by 10 percent from 77 percent in 2013 to 87 percent in 2017.
- **Economically disadvantaged** – Job placement for economically disadvantaged graduates improved by 5 percent from 87 percent in 2013 to 92 percent in 2017.
- **Ex-offenders and incarcerated** – Over the last five years, incarcerated individuals have consistently made up approximately two percent of all WTCS enrollments. National studies show that inmates who participate in

correctional educational programs had 43 percent lower odds of recidivating than inmates that did not.

- **Gender** – Graduation rates for men in higher education have traditionally lagged behind their female counterparts. The graduation rate for men at WTCS colleges increased by almost 2 percent from 2013 to 2017.
- **Returning adults** – 45 percent of 2017 WTCS graduates were over age 25.
- **Rural** – 50 percent of the 78 WTCS instructional locations are found in Wisconsin communities with populations of less than 11,000.
- **Persons of color** – Over the last 5 years, minority enrollment and graduation rates have increased by almost 2 percent and 3 percent, respectively. Job placement for WTCS minority graduates rose 5 percent from 84 percent in 2013 to 89 percent in 2017.

Effectively serving these groups and helping them to overcome barriers requires WTCS colleges to provide intensive services and offer a diversity of educational delivery systems. For some students this means providing more focused guidance and support (e.g., mental health services, childcare, etc.). For others, it means offering a diversity of educational models to accommodate different learning styles and life experiences (e.g., online, credit for prior learning, competency-based, and blended options). WTCS emphasizes apprenticeships and other “earn while learning” delivery strategies. Individuals who completed their classroom requirements from WTCS and received their registered apprenticeship certificate of completion increased by 65 percent over the 5-year period from 2012 to 2016.

Revenue Limitations on WTCS Colleges

The three main sources of WTCS operational revenue: direct state investment, property taxes and tuition have remained relatively flat for the last four budget cycles despite increasing operational costs. The only exception to this was a modest increase of \$5 million (GPR) in direct state investment in 2014-15, which was used to implement and incentivize an outcomes-based funding model for WTCS colleges — a historic first for the funding of higher education in Wisconsin. Statewide levy limits restrict the revenues WTCS colleges can receive from local property taxes. The WTCS Board has purposefully held the line on tuition to ensure affordability. Annual tuition increases from 2015-16 to 2017-18 have averaged just 1.45 percent, while annual inflation increases have averaged

1.7 percent during the same time period. For the last eight years, individual WTCS colleges have relied on one-time, time-limited federal, state and private grants as their only source of funding for implementing new models of academic support and educational delivery systems. This funding source is not available on an on-going basis. In order to expand and sustain the resulting gains statewide, additional direct state investment is required.

Increasing Demands on WTCS Services

WTCS colleges have expanded services and improved outcomes with static revenues by reallocating to priorities, innovating delivery and improving administrative efficiencies. All WTCS colleges participate in a systemwide cooperative insurance fund. Similarly, a statewide purchasing consortium takes advantage of the colleges' combined purchasing power to save on supplies and services common across all 16 colleges. Despite these efforts, WTCS colleges now face growing operational pressures and are straining to meet increasing customer demands, for example the:

- significant growth of dual credit for high school students,
- unique cybersecurity requirements,
- exceptional needs of underserved populations,
- private sector competition for highly skilled technical instructors,
- expansion of campus safety and safety measures, and
- federal regulatory and reporting requirements.

Request

WTCS colleges have made great progress in helping to increase Wisconsin's workforce participation levels and will continue to do so at current state funding levels. However, allowing state investment in WTCS to remain flat will not address Wisconsin's growing workforce needs. Greater state investment in WTCS is needed to enable WTCS to help address Wisconsin's workforce challenges.

Request \$12 million in General Purpose Revenue (GPR) for 2019-20 and \$24 million in GPR for 2020-21 to allow WTCS to amplify its efforts to expand and upskill Wisconsin's talent pool.