



State of Wisconsin
2013 - 2014 LEGISLATURE



LRB-1105/P4
MDK:jld:rs

DOA:.....Boggs, BB0325 - Performance based funding for technical colleges

FOR 2013-2015 BUDGET -- NOT READY FOR INTRODUCTION

AN ACT ...; **relating to:** the budget.

Analysis by the Legislative Reference Bureau

EDUCATION

HIGHER EDUCATION

Under current law, technical colleges receive funding from various sources, including property taxes levied by technical college district boards. Current law also makes various appropriations for technical colleges, include a specified amount of state aid each fiscal year that the Technical College System Board (board) is required to allocate to each technical college district. Current law requires the board to allocate the state aid to districts based on a formula that specifies the costs eligible for the state aid. The formula also allocates a greater percentage of the state aid to districts that have lower property valuations, which are not able to generate as much property tax revenue as districts with higher property valuations.

This bill gradually replaces the formula under current law with a new formula established by the board for allocating the state aid based on a technical college district's performance regarding all of the following criteria (performance criteria): 1) student job placement rates; 2) the number of degrees and certificates awarded in high-demand fields, as determined by the board and DWD; 3) the number of programs or courses with industry-validated curriculum, as defined under the bill; 4) the transition of adult students from basic education to skills training; 5) participation in certain dual enrollment programs; and 6) workforce training provided to businesses and individuals. No later than December 31, 2013, the board

must submit a plan for making allocations pursuant to the new formula to the secretary of administration (secretary). Upon approval or modification by the secretary, the board must administer the plan.

The bill establishes the following schedule for replacing the formula under current law with the new formula under the bill. In fiscal year 2014-15, 90 percent of the state aid is distributed under the current law formula and 10 percent is distributed under the new formula. In fiscal year 2015-16, 80 percent is distributed under the current law formula and 20 percent is distributed under the new formula. In fiscal year 2016-17, 70 percent is distributed under the current law formula and 30 percent is distributed under the new formula. In fiscal year 2017-18, 60 percent is distributed under the current law formula and 40 percent is distributed under the new formula. In fiscal year 2018-19, 50 percent is distributed under the current law formula and 50 percent is distributed under the new formula. In fiscal year 2019-20 and each fiscal year thereafter, 100 percent is distributed under the new formula.

The bill also requires the board to submit a report to the secretary in each fiscal year that describes how the state aid is allocated to each technical college district under the new formula. The report must include specified topics, including a description of the performance of each district and the system as a whole with respect to the performance criteria. The board must make the report available to the public, and each technical college district board that maintains an Internet site must make the report available to the public at the Internet site. Finally, the bill requires the board to submit with its biennial budget request any legislative proposals that the board recommends that relate to the plan submitted by the board, the new formula, or the performance criteria.

For further information see the *state and local* fiscal estimate, which will be printed as an appendix to this bill.

The people of the state of Wisconsin, represented in senate and assembly, do enact as follows:

SECTION 1. 20.292 (1) (d) of the statutes is amended to read:

20.292 (1) (d) *State aid for technical colleges; statewide guide.* The amounts in the schedule for state aids for technical college districts and technical colleges, including area schools and programs established and maintained under the supervision of the board, under s. 38.28 (2) (b), (be), and (bm), and for production and distribution of the statewide guide under s. 38.04 (18). Of the amount in the schedule for each fiscal year not exceeding \$50,000 may be spent by the board to match federal funds made available for technical education by any act of congress for the purposes

set forth in such act and no more than \$125,000 may be spent by the board to produce and distribute the statewide guide under s. 38.04 (18). If, in any fiscal year, actual program fees raised under s. 38.24 (1m) exceed board estimates, the increase shall be used to offset actual district aidable cost.

SECTION 2. 38.28 (1m) (am) of the statutes is created to read:

38.28 (1m) (am) “Dual enrollment programs” means programs or courses of study that are designed to allow high school pupils gain advanced standing in technical college districts’ associate degree programs upon graduation from high school, and includes programs or courses of study established under s. 118.34 or provided under contracts under s. 38.14 (3).

SECTION 3. 38.28 (1m) (c) of the statutes is created to read:

38.28 (1m) (c) “Industry-validated curriculum” means a curriculum that is developed with business or industry input and that is based on competencies and assessments that reflect the skills and knowledge necessary for a specific job or jobs within a specific type of business or industry.

SECTION 4. 38.28 (2) (b) (intro.) of the statutes is amended to read:

38.28 (2) (b) (intro.) ~~Each Subject to par. (bm), each district’s share of aids under this section the amount appropriated under s. 20.292 (1) (d) shall be computed as follows:~~

SECTION 5. 38.28 (2) (b) 5. of the statutes is renumbered 38.28 (2) (bs) and amended to read:

38.28 (2) (bs) ~~The board shall reduce each district’s aid payment under subd. par. (b) 2., or the amount allocated to each district under the plan administered under par. (be) 2., by the district’s share of the amount necessary to produce and distribute the statewide guide under s. 38.04 (18), as determined by the board.~~

SECTION 6. 38.28 (2) (be) of the statutes is created to read:

38.28 (2) (be) 1. Subject to par. (bm), the board shall establish a formula for allocating the amount appropriated under s. 20.292 (1) (d) in a fiscal year to each district based on a district's performance in the previous fiscal year with respect to all of the following criteria:

a. The placement rate of students in jobs related to students' programs of study.

b. The number of degrees and certificates awarded in high-demand fields. The board and the department of workforce development shall jointly determine what constitutes high-demand fields and revise the determination as necessary.

c. The number of programs or courses with industry-validated curriculum.

d. The transition of adult students from basic education to skills training.

e. Participation in dual enrollment programs.

f. The workforce training provided to businesses and individuals.

2. No later than December 31, 2013, the board shall submit a plan for making allocations pursuant to the formula established under subd. 1. to the secretary of administration. The secretary shall approve or modify the plan or formula. Upon approval or modification by the secretary, the board shall administer the plan.

3. In each fiscal year, beginning in fiscal year 2014-15, the board shall submit a report to the secretary of administration that describes how the amount appropriated under s. 20.292 (1) (d) is allocated to each district under the plan administered under subd. 2. The report shall describe all of the following:

a. The amount allocated to each district in the fiscal year under the formula administered under the plan.

b. The performance of each district with respect to each criterion specified in subd. 1. a. to f.

c. The methodologies used to make a district's allocation described under subd. 3. a. based on the district's performance described under subd. 3. b.

d. The performance of the technical college system as a whole with respect to each criterion specified in subd. 1. a. to f.

e. Any other information used to administer the plan.

4. The board shall make the report submitted under subd. 3. available to the public. Each district board that maintains an Internet site shall make the report available to the public at the Internet site.

5. The board shall include in its biennial budget request under s. 16.42 any legislative proposals that the board recommends that relate to the criteria specified in subd. 1. a. to f. or to the plan or formula approved or modified by the secretary of administration under subd. 2.

SECTION 7. 38.28 (2) (bm) of the statutes is created to read:

38.28 (2) (bm) 1. In this paragraph, "amount appropriated" means the amount appropriated under s. 20.292 (1) (d).

2. In fiscal year 2014-15, 90 percent of the amount appropriated shall be distributed under par. (b) and 10 percent of the amount appropriated shall be distributed under par. (be). In fiscal year 2015-16, 80 percent of the amount appropriated shall be distributed under par. (b) and 20 percent of the amount appropriated shall be distributed under par. (be). In fiscal year 2016-17, 70 percent of the amount appropriated shall be distributed under par. (b) and 30 percent of the amount appropriated shall be distributed under par. (be). In fiscal year 2017-18, 60 percent of the amount appropriated shall be distributed under par. (b) and 40 percent of the amount appropriated shall be distributed under par. (be). In fiscal year 2018-19, 50 percent of the amount appropriated shall be distributed under par. (b)

and 50 percent of the amount appropriated shall be distributed under par. (be). In fiscal year 2019-20 and each fiscal year thereafter, 100 percent of the amount appropriated shall be distributed under par. (be).

SECTION 8. 38.28 (2) (d) of the statutes is amended to read:

38.28 **(2)** (d) Notwithstanding ~~par. pars.~~ par. (b), (be), and (bm), the board may withhold, suspend or reduce in whole or in part payment of state aid under this subsection to any district board whose program or educational personnel does not meet minimum standards set by the board or which violates this chapter or any rule promulgated by the board under the authority of this chapter. The board shall discontinue aids to those programs which are no longer necessary to meet needs within the state.

SECTION 9. 227.01 (13) (Lr) of the statutes is created to read:

227.01 **(13)** (Lr) Determines what constitutes high-demand fields for purposes of s. 38.28 (2) (be) 1. b.

(END)