



State of Wisconsin
2017 - 2018 LEGISLATURE

LRB-0755/P5
MDK:wlj

DOA:.....Krall, BB0091 - Performance funding

FOR 2017-2019 BUDGET -- NOT READY FOR INTRODUCTION

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

Analysis by the Legislative Reference Bureau

EDUCATION

HIGHER EDUCATION

This bill requires the Board of Regents of the UW System to allocate a specified portion of its annual general purpose revenue funding to distribute among the UW institutions, which are the individual four-year universities and the two-year UW Colleges as a whole, based on their performance in the prior fiscal year regarding specified criteria. In each fiscal year, the Board of Regents must allocate \$21,250,000 of its annual general purpose revenue funding for making the distributions. However, if the Board of Regents does not begin making the distributions until fiscal year 2018-19, then, in that fiscal year, the Board of Regents must allocate \$42,500,000 of its general purpose revenue funding for the 2017-19 fiscal biennium for making the distributions.

The bill requires the following percentages of the portion allocated to be distributed according to an institution's performance regarding each of the following sets of criteria:

1. Thirty percent: length of time to obtain a degree; student participation in dual enrollment programs; percentage of students completing degrees within three, four, and six years; percentage of students awarded degrees in healthcare, science, technology, engineering, or mathematics; low-income student graduation rate; and faculty instructional hours.

2. Fifteen percent: average number of high-impact practices experienced by undergraduates and percentage of students who participated in internships during undergraduate enrollment.

3. Thirty percent: percentage of students who obtained full-time postgraduate employment; percentage of students who obtained full-time postgraduate employment in fields related to their degrees; percentage of the state workforce who graduated from the institution in the five prior fiscal years; percentage of students who are employed or continue their education within one year of graduation; and the number of degrees awarded in high-demand fields as determined by DWD.

4. Ten percent: minimization of expenditures for supplies, services, personnel, and other administrative expenses.

5. Five percent: number of state residents served by the UW-Extension or outreach programs at the institution and expenditures on noncredit student community service programs.

6. Ten percent: two additional criteria specified by the Board of Regents.

The bill requires the Board of Regents to establish formulas for distributing the above percentages among institutions based on their rankings regarding performance for each of the above sets of criteria. However, the Board of Regents must control for the number of students enrolled at each institution so that larger institutions are not advantaged over smaller institutions. In addition, the Board of Regents may substitute criteria for the UW Colleges or exempt the UW Colleges from a ranking and distribution. No later than January 1, 2018, the Board of Regents must submit a plan to the secretary of administration for making the distributions. The plan must include the method used for ranking performance. Within 30 days of receipt of the plan, the secretary of administration must approve the plan or require resubmittal. The bill prohibits the Board of Regents from implementing the plan until approved by the secretary.

Beginning in fiscal year 2018-19, the bill requires the Board of Regents to require each institution to prepare an annual single-page evaluation designated "Performance Funding Report Card" that summarizes performance regarding the above criteria and any other metrics specified by the Board of Regents. The evaluation must also compare an institution's performance with other institutions and include other information required by the Board of Regents. An institution must prominently link to the evaluation on the home page of its Internet site and update the evaluation as necessary at the end of each semester. In addition, the Board of Regents must publish data regarding each institution's performance on the UW System Accountability Dashboard that the Board of Regents maintains on the UW System's Internet site.

For further information see the *state* 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. 36.112 of the statutes is created to read:

36.112 Performance funding. (1) DEFINITIONS. In this section:

(a) “Dual enrollment programs” means programs or courses of study designed to provide high school students the opportunity to gain credits in both a high school and a university or college campus, including transcribed credit programs or other educational services provided by contract between a school district and a university or college campus. “Dual enrollment programs” includes early college credit programs under s. 118.55.

(b) “High-impact practices” means techniques and designs for teaching and learning that the board has identified as proven to be beneficial for student engagement and successful learning among students from many backgrounds.

(c) “Performance funding” means the amount allocated under sub. (2) (a) for making distributions in a fiscal year under the plan approved under sub. (6).

(d) “State workforce” means the number of state residents aged 25 to 64.

(2) ALLOCATION. (a) 1. Except as provided in subd. 2., in each fiscal year beginning in fiscal year 2017-18, the board shall allocate \$21,250,000 of the amount appropriated for that fiscal year under s. 20.285 (1) (a) to make distributions in that fiscal year under the plan approved under sub. (6).

2. If distributions under the plan approved under sub. (6) do not begin until fiscal year 2018-19, the board shall allocate \$42,500,000 of the amount appropriated for the 2017-19 fiscal biennium under s. 20.285 (1) (a) to make distributions in fiscal year 2018-19 under the plan approved under sub. (6).

(b) The amount allocated under par. (a) may be distributed only as specified in the plan approved under sub. (6) and may not be otherwise spent by the board.

(3) PERFORMANCE RANKINGS. (a) *Affordability and attainability.* For each fiscal year, the board shall rank each institution's performance regarding all of the following criteria and establish a formula for distributing 30 percent of the performance funding based on an institution's ranking so that an institution receives a distribution that is greater than any other institution with a lower ranking:

1. The average length of time for students to obtain each degree awarded by the institution in the prior fiscal year.

2. Participation in dual enrollment programs during the prior fiscal year.

3. The percentage of students awarded degrees in the prior fiscal year who completed the degree requirements within 3 years.

4. The percentage of students awarded degrees in the prior fiscal year who completed the degree requirements within 4 years.

5. The percentage of students awarded degrees in the prior fiscal year who completed the degree requirements within 6 years.

6. The percentage of students awarded degrees in the prior fiscal year in healthcare, science, technology, engineering, or mathematics.

7. The graduation rate of low-income students for the prior fiscal year as determined in a manner specified by the board.

8. Faculty instructional hours during the prior fiscal year.

(b) *Work readiness.* For each fiscal year, the board shall rank each institution's performance regarding all of the following criteria and establish a formula for distributing 15 percent of the performance funding based on an institution's ranking so that an institution receives a distribution that is greater than any other institution with a lower ranking:

1. The average number of high-impact practices experienced at any time during undergraduate enrollment by students who graduated with undergraduate degrees in the prior fiscal year.

2. The percentage of students who participated in internships at any time during their undergraduate enrollment.

(c) *Student success in state workforce.* For each fiscal year, the board shall rank each institution's performance regarding all of the following criteria and establish a formula for distributing 30 percent of the performance funding based on an institution's ranking so that an institution receives a distribution that is greater than any other institution with a lower ranking:

1. The percentage of students awarded degrees in the prior fiscal year who obtained full-time postgraduate employment.

2. The percentage of students awarded degrees in the prior fiscal year who obtained full-time postgraduate employment in a field related to the degree awarded.

3. The percentage of the state workforce who graduated from the institution in the 5 prior fiscal years.

4. The percentage of students awarded degrees in the prior fiscal year who are employed or continuing their education within one year of graduation.

5. The number of degrees awarded by the institution in the prior fiscal year that are in high-demand fields. The department of workforce development shall determine what constitutes high-demand fields and revise the determination as necessary.

(d) *Efficiency.* For each fiscal year, the board shall rank each institution's performance in minimizing expenditures for supplies, services, personnel, and other

administrative expenses during the prior fiscal year and establish a formula for distributing 10 percent of the performance funding based on an institution's ranking so that an institution receives a distribution that is greater than any other institution with a lower ranking.

(e) *Service.* For each fiscal year, the board shall rank each institution's performance regarding all of the following criteria and establish a formula for distributing 5 percent of the performance funding based on an institution's ranking so that an institution receives a distribution that is greater than any other institution with a lower ranking:

1. The number of state residents served by the University of Wisconsin-Extension and outreach programs at the institution during the prior fiscal year.

2. Expenditures at the institution during the prior fiscal year on student community service programs that do not award academic credit.

(f) *Additional criteria.* For each fiscal year, the board shall rank each institution's performance during the prior fiscal year regarding 2 criteria specified by the board that are in addition to the criteria under pars. (a) to (e) and establish a formula for distributing 10 percent of the performance funding based on an institution's ranking so that an institution receives a distribution that is greater than any other institution with a lower ranking.

(4) **ENROLLMENT SIZE.** In ranking performance and establishing formulas under sub. (3), the board shall control for the number of students enrolled at each institution so that institutions with larger enrollments are not advantaged over institutions with smaller enrollments.

(5) UNIVERSITY OF WISCONSIN COLLEGES. (a) In establishing formulas under sub. (3), the Board of Regents may substitute different criteria to apply to the University of Wisconsin Colleges if the board determines that the different criteria are appropriate for evaluating the performance of the University of Wisconsin Colleges.

(b) The Board of Regents may exempt the University of Wisconsin Colleges from any ranking and distribution under sub. (3) if the board determines that the criteria related to that ranking and distribution should not apply to the University of Wisconsin Colleges.

(6) APPROVAL. No later than January 1, 2018, the board shall submit to the secretary of administration a plan for making the distributions under sub. (3). The plan shall include the board's method for ranking performance regarding each set of criteria under sub. (3). Within 30 days after receipt of the plan, the secretary of administration shall approve the plan or require the board to resubmit the plan. Within 30 days of receipt of a resubmitted plan, the secretary of administration shall approve the plan or require additional resubmittal. The board may not implement a plan until approved by the secretary of administration.

(7) REPORT CARD. In each fiscal year beginning in fiscal year 2018-19, the board shall require each institution to do all of the following:

(a) Prepare an evaluation designated "Performance Funding Report Card" in a single-page format specified by the board that does all of the following:

1. Summarizes the institution's performance during the prior fiscal year with respect to the criteria specified in sub. (3) and other metrics specified by the board. If the board specifies other metrics, those metrics shall apply to all institutions.

2. Compares the performance summarized under subd. 1. with the performance of the other institutions.

3. Includes any additional information the board may require, including any information specified in s. 36.65 (2) (a), (c), (d), (e), or (f).

(b) Prominently link to the evaluation under par. (a) on the home page of the institution's Internet site.

(c) Update the evaluation under par. (a) as necessary at the end of each semester.

(8) ACCOUNTABILITY DASHBOARD. The board shall publish on the University of Wisconsin System Accountability Dashboard that the board maintains on the system's Internet site data regarding each institution's performance with respect to the criteria specified in sub. (3) and any other metrics specified by the board under sub. (7) (a) 1.

(END)