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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: June 26, 2015

Re: WTCS Report to JFC

Attached is a report regarding Outcomes-Based Funding from the Wisconsin Technical College System, pursuant to s. 38.28(2)(be)(3), Stats.

This report is being provided for your information only. No action by the Committee is required. Please feel free to contact us if you have any questions.

Attachments

AD:JN:jm



Morna K. Foy, President

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June 25, 2015

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BY: J. Fingale

Senator Alberta Darling and
Representative John Nygren, Co-Chairpersons
Joint Committee on Finance
State Capitol
Madison, WI 53702

Dear Senator Darling and Representative Nygren:

I am pleased to share with you the attached report in compliance with section 38.28 (2) (be) (3) of the Wisconsin statutes. This provision requires the Wisconsin Technical College System (WTCS) to submit an annual report regarding Outcomes-Based Funding. The report is to be submitted to the Joint Committee on Finance. The reporting requirement was established in the 2013-15 Biennial Budget.

If you have any questions regarding this report, please contact James Zylstra, Executive Vice President at 608-266-1739.

Sincerely,

Morna K. Foy
President

Cc: Joe Malkasian, JFC Committee Clerk
Bob Lang, Legislative Fiscal Bureau

Outcomes-Based Funding



2014-15 report of the
Wisconsin Technical College System

June 2015



Wisconsin Technical College System
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BACKGROUND

As authorized under 2013 Act 20 (the 2013-15 biennial budget), the Wisconsin Technical College System (WTCS) Board established a new formula for allocating a portion of general state aid to technical colleges.



Statutory Criteria

For 2014-15, the formula is based on nine criteria, established in statute:

- 1) job placement rates;
- 2) degrees and certificates awarded in high demand fields;
- 3) programs or courses with industry-validated curriculum;
- 4) the transition of adult basic education students to skills training;
- 5) the success rate of adults in basic education courses;
- 6) participation in dual enrollment programs;
- 7) workforce training provided to businesses and individuals;
- 8) participation in collaboration or efficiency initiatives; and
- 9) training provided to special populations or demographic groups unique to the district.

Act 20 further specified that:

- the formula based on these criteria be applied to 10% of appropriated general aid funding in 2014-15; 20% in 2015-16; and 30% in 2016-17;
- the remainder of general aid be distributed based on the enrollment- and cost-based statutory aid formula;
- the formula use data from the three previous fiscal years; and
- each college designate seven of nine statutory criteria for use in the funding allocations.

Both the WTCS Board and the Joint Committee on Finance of the Wisconsin Legislature subsequently approved an outcomes-based funding model for implementation beginning in 2014-15.

Stakeholder Input

A variety of statewide partners and stakeholders provided input into the choice of data sources and planning of the formula's design, including:

- college presidents and leadership at the WTCS outcomes based funding summit;
- all interested stakeholders through an on-line survey to gather comments and feedback;
- an ad hoc subcommittee of the WTCS Presidents' Association;
- college staff;
- legislators and legislative staff; and
- external stakeholder groups.

The online survey gathered information from 1,656 participants, including educators and educational administrators, employers, lawmakers, taxpayers, students, and other stakeholders and partners.

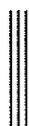
WTCS also engaged HCM Strategists to assist with the process of developing an outcomes-based funding model. HCM is a nationally-recognized consulting firm based in Washington, D.C., with expertise and experience working with states that are considering or implementing outcomes-based funding for higher education. The Lumina and Gates Foundations, among others, provide support for HCM's work in this area. WTCS leaders also attended meetings with representatives of other states to share best practices and assess the most effective measurement techniques.

College Selection of Criteria

The statute provides that outcomes-based funding be based on a college's performance with respect to seven of nine statutory criteria. Annually, each college designates which of the seven outcomes are to be used for its funding allocation, using preliminary funding calculations. Final funding distribution calculations are then completed using each college's seven chosen outcomes each fiscal year.

Data

The statute requires that the outcomes-based formula utilize data from the three previous fiscal years. To avoid having to make adjustments to funding amounts after the fiscal year has begun, the three most recent fiscal years for which actual data is available are used.



Allocation of Funds among Criteria

Twenty-five percent of available funding is divided equally among the nine outcomes criteria as a base allocation of funds for each criterion. If an outcome was not selected by any college, then the base allocation would be redistributed among the other criteria. The remaining 75% of available funding is distributed among the nine criteria proportionately, based on the number of colleges selecting each criterion.

Ongoing Assessment

System leadership will conduct an ongoing assessment of the outcomes-based funding formula to ensure that it continues to:

- be efficient, making use of existing data sources to the greatest extent possible;
- reflect the colleges' complex missions, which are tied to regional needs and economies;
- be reasonably simple;
- be responsive to the potential need for revision based on experience;
- improve student outcomes; and
- clearly document high-value outcomes that support future investment.



2014-15 OUTCOMES FUNDING

TABLE 1: 2014-15 Outcomes-Based Funding, by College and Criterion

	Criteria 1: Job Placement	Criteria 2: High-Demand Fields	Criteria 3: Industry-Validated Curriculum	Criteria 4: ABE Transition	Criteria 5: ABE Success	Criteria 6: Dual Enrollment	Criteria 7: Workforce Training	Criteria 8: Collaboration	Criteria 9: Special Populations	TOTAL
Blackhawk	\$56,894	\$41,369	\$54,898	\$35,417	\$60,155	-	-	\$58,489	\$69,723	\$376,946
Chippewa Valley	91,493	65,308	53,869	-	53,262	\$36,406	-	73,423	50,998	424,759
Fox Valley	109,717	118,781	154,375	69,879	-	71,139	\$114,153	97,473	-	735,517
Gateway	88,078	112,170	-	111,947	114,364	89,837	85,158	-	92,287	693,840
Lakeshore	57,384	41,349	80,029	-	60,559	-	32,986	56,471	65,991	394,768
Madison Area	105,649	150,016	-	130,941	104,246	-	80,061	122,424	115,921	809,258
Mid-State	60,741	44,851	71,006	23,771	65,415	-	-	56,826	71,598	394,208
Milwaukee Area	-	98,076	135,032	264,638	198,038	-	128,067	147,286	144,222	1,115,359
Moraine Park	64,361	-	80,917	-	71,939	138,607	112,057	63,769	85,965	617,615
Nicolet Area	40,453	23,358	30,588	18,443	45,339	-	-	47,399	43,187	248,767
Northcentral	74,738	68,438	73,520	71,239	74,224	76,774	-	-	89,631	528,564
Northeast Wisconsin	97,602	107,030	95,530	-	-	85,991	93,663	96,006	82,759	658,580
Southwest Tech	58,144	35,027	36,858	-	45,667	-	77,241	51,611	54,310	358,858
Waukesha	68,797	84,190	78,403	-	76,880	177,438	53,534	75,225	-	614,467
Western	72,839	66,593	72,361	53,236	-	-	61,878	68,940	67,549	463,396
Wisconsin Indianhead	88,343	78,676	58,560	-	46,570	44,032	-	60,604	41,802	418,588
TOTAL	\$1,135,232	\$1,135,232	\$1,075,945	\$779,511	\$1,016,658	\$720,224	\$838,798	\$1,075,945	\$1,075,945	\$8,853,490



JOB PLACEMENT

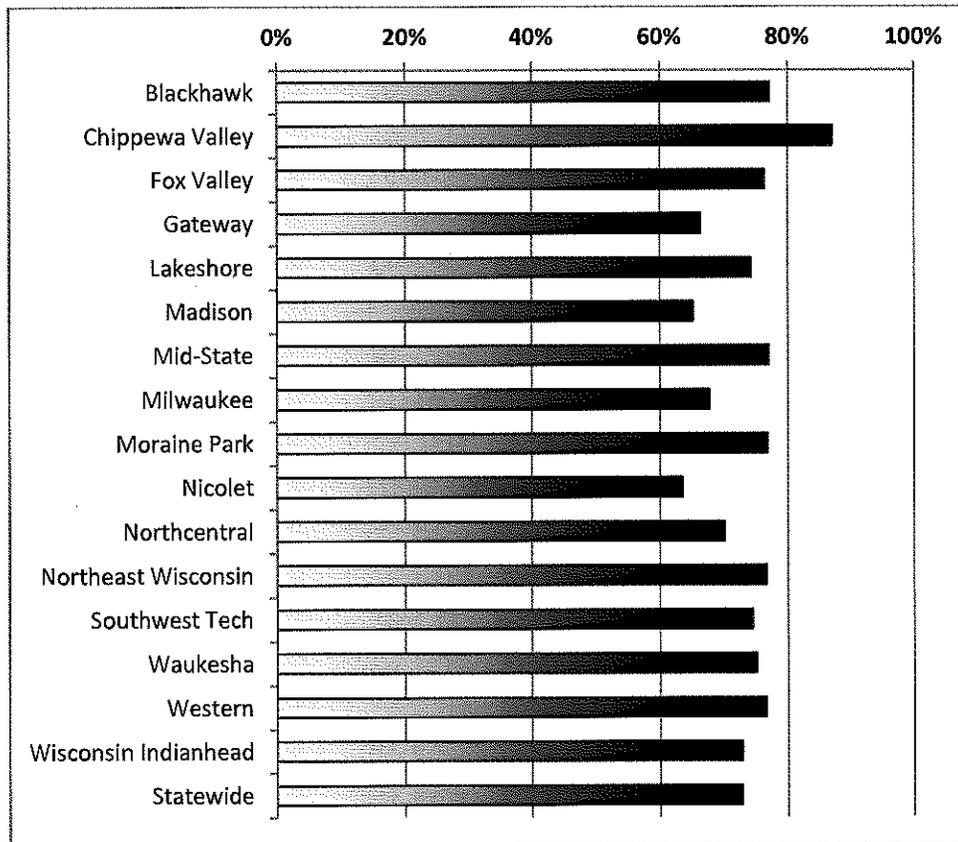
WTCS gathers job placement data by surveying all credential completers six months after graduation. For 2012-13, 89% of respondents in the workforce were employed, of which 74% statewide reported that their job was related to their training.

89% of graduates in the workforce were employed within 6 months

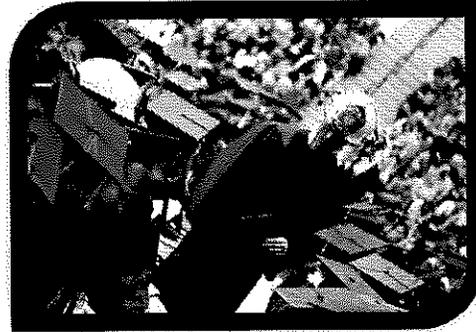
The percentage of graduates employed within six months has been 86% or higher for each of the past 15 years, 74% in fields related to their education. Technical college graduates overwhelmingly stay to live and work in Wisconsin, with 84% of 2012-13 graduates employed in the state.

As Figure 1 shows, graduates employed in jobs related to their training ranged from 64% to 87%.

FIGURE 1: 3-Year Average Percentage Rate, Graduates Employed in Related Fields



While not all graduates choose to answer the survey, each year the colleges attempt to reach every program graduate, and approximately two-thirds of all graduates do answer the survey's standardized questions.



This graduate of a Fire Fighting program is confident in his job prospects.

As shown in Table 2, between 63.6% and 87.2% report being employed in jobs related to their education, within six months of completing a technical college program.

These averages have been shown to be consistent over time, regardless of the state's unemployment rate or the overall state of the economy.

TABLE 2: 3-Year Total, Graduates in Related Fields

	Number Employed	Employed in Related Fields	Percentage
Blackhawk	991	765	77.2%
Chippewa Valley	2,363	2,060	87.2
Fox Valley	4,060	3,102	76.4
Gateway	3,581	2,377	66.4
Lakeshore	1,143	850	74.4
Madison Area	4,865	3,174	65.2
Mid-State	1,218	938	77.0
Milwaukee Area	3,712	2,516	67.8
Moraine Park	1,433	1,101	76.8
Nicolet Area	549	349	63.6
Northcentral	2,431	1,706	70.2
Northeast Wisconsin	3,344	2,564	76.7
Southwest Tech	1,183	881	74.5
Waukesha County	1,778	1,335	75.1
Western	1,929	1,478	76.6
Wisconsin Indianhead	3,075	2,242	72.9
Statewide	37,655	27,438	72.9%

Funds are distributed based both on each college's job placement rate (50%) and proportionate share of the number of graduates statewide (50%) who report they are working in jobs related to their programs of study.



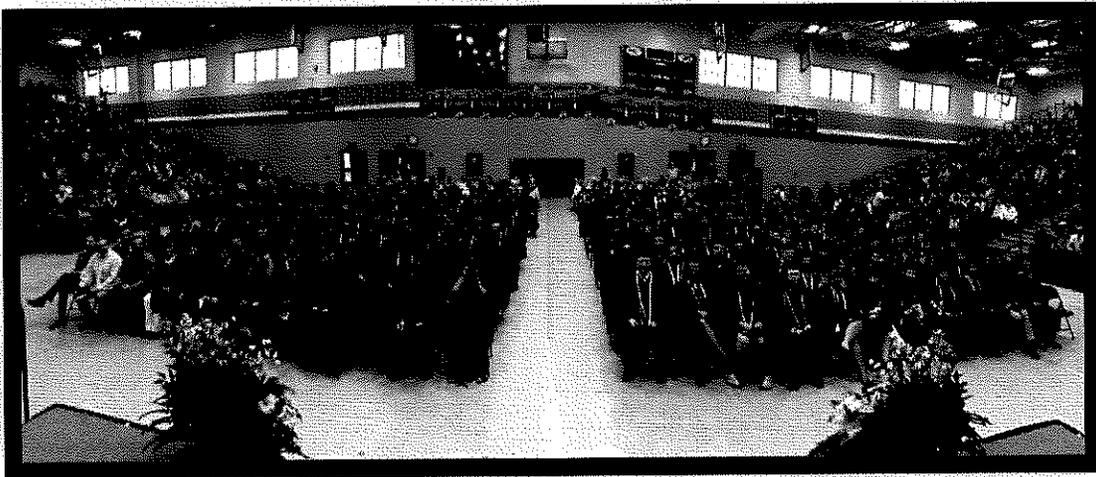
GRADUATES IN HIGH-DEMAND FIELDS

High-demand fields are the top 50 occupations in need of new workers, including both new jobs and replacement jobs—those for which turnover or retirements create heavy employer demand for qualified workers. Occupations are identified using the Department of Workforce Development's (DWD) statewide, long-term occupational projections for which the technical colleges provide training.

Two-thirds of WTCS graduates are entering high-demand occupations according to labor market projections

The initial group of high-demand occupations is based on DWD labor market projections for 2010 through 2020, and included occupations such as: nursing, truck drivers, welders, machinists, carpenters, plumbers, accountants and auditors, and computer systems analysts.

Technical college programs linked to high-demand occupations produced two-thirds of total technical college graduates statewide over the past three years. This outcome is driven by the longstanding practice of meaningful, ongoing engagement with local employers, regional economies, and labor market analyses, which inform every technical college program, including its capacity, curriculum, equipment, and skillsets.



These recent graduates are now powering northwest Wisconsin's regional economy.

As shown in Table 3, technical colleges produced more than 85,000 degrees and credentials for the state's workforce in the past three years, including more than 57,000 credentials in fields with the most acute talent needs in the state.

TABLE 3: 3-Year Credential Totals, by Category and College

	High-Demand Fields	All Fields	Percentage
Blackhawk	1,996	2,876	69.4%
Chippewa Valley	3,151	4,789	65.8
Fox Valley	5,731	8,358	68.6
Gateway	5,412	6,991	77.4
Lakeshore	1,995	3,076	64.9
Madison Area	7,238	11,720	61.8
Mid-State	2,164	3,030	71.4
Milwaukee Area	4,732	9,229	51.3
Moraine Park	2,288	3,423	66.8
Nicolet Area	1,127	1,408	80.0
Northcentral	3,302	5,024	65.7
Northeast Wisconsin	5,164	7,917	65.2
Southwest Tech	1,690	2,397	70.5
Waukesha County	4,062	5,500	73.9
Western	3,213	4,827	66.6
Wisconsin Indianhead	3,796	5,065	74.9
Statewide	57,061	85,630	66.6%

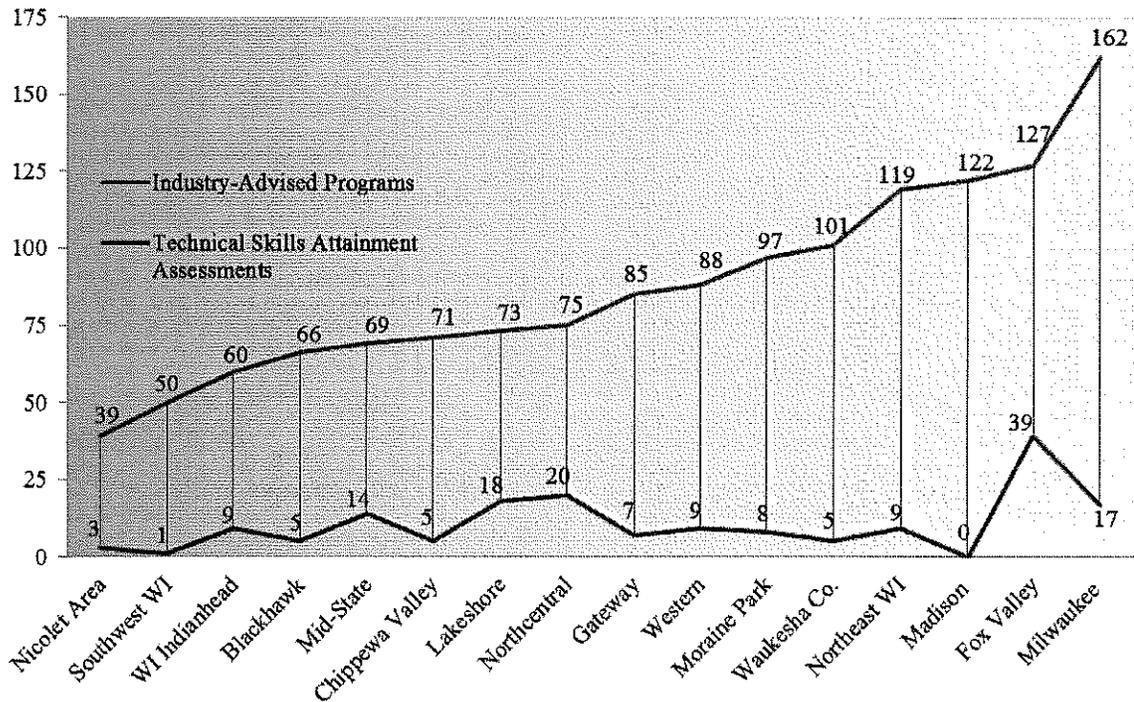
Funds are distributed based on each college's proportionate share of the total number of degrees and certificates awarded in high demand fields statewide.

INDUSTRY-VALIDATED CURRICULUM

Industry-validated curriculum is defined as active programs having advisory committees comprised of employers and employees of the relevant occupation, to provide input on equipment, course materials, instructional methods, and career guidance counseling.

Technical Skill Attainment (TSA) assessments are formal, direct measurements that provide evidence that students have achieved intended program outcomes or skills, and may include third-party exams, performance-based assessments, portfolios, capstone projects, clinical evaluations, or other measures. TSAs measure student achievement on core industry-relevant program outcomes, while at the same time ensuring that those outcomes derive directly from valid industry standards. As shown in Figure 3, TSAs have not yet been implemented at every college or for every program, having first been introduced to the System in 2011-12. It is anticipated that TSA implementation at the colleges will accelerate in the coming years, partly due to the incentives available under outcomes-based funding.

FIGURE 2: Industry-Validated Programs and TSAs, 2012-13

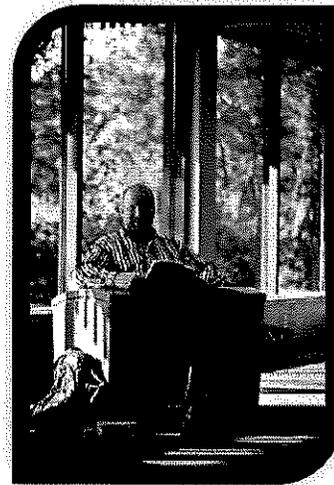


Funds are distributed based on each college’s proportionate share of active (having enrolled students): (a) degree/diploma programs, weighted 75%; and (b) programs with Technical Skill Attainment (TSA) assessments, weighted 25%.

ABE TRANSITIONS

Adult Basic Education (ABE) helps adults with reading, writing, mathematics, and career education at levels ranging from first through twelfth grade. English Language Learning (ELL) provides instruction for those whose native or dominant language is other than English to read, write, and communicate in English in order to achieve high school completion, entry into occupational programs, and work placement.

A primary mission of Wisconsin technical colleges is to enable full participation in the workforce, regardless of an individual’s prior educational background. Over the past three years, technical colleges helped more than 25,000 students transition out of adult basic education.



Tony Bellman went to his local technical college after a job loss, but without a high school diploma; confident after experiencing success, he transitioned directly into a two-year IT program.

Table 4 shows the number of transitions from ABE to postsecondary coursework in the same year, or in the following year.

TABLE 4: Successful Transitions from Adult Basic to Postsecondary Education

	3-Year Total
Blackhawk	964
Chippewa Valley	425
Fox Valley	1,902
Gateway	3,047
Lakeshore	629
Madison Area	3,564
Mid-State	647
Milwaukee Area	7,203
Moraine Park	754
Nicolet Area	502
Northcentral	1,939
Northeast Wisconsin	1,116
Southwest Tech	202
Waukesha County	687
Western	1,449
Wisconsin Indianhead	367
Statewide	25,397



To qualify under this criterion, a former ABE student must enroll in and pass a college-level course. Funds are distributed based on each college's share of the number of adult students who: (a) were enrolled in at least 12 hours of adult basic education, adult high school, and English language learning courses; and then (b) successfully completed a postsecondary course, in either the year of their ABE enrollment or in the following academic year.



ABE SERVICES AND SUCCESS

This criterion relates both to proportionate share of students enrolled in at least 12 hours of adult basic education and to each college’s student success in those courses. Student success is measured by the educational gains the student demonstrates on standardized pre- and post-tests.



These students recently earned a GED or High School Equivalency Diploma from a technical college.

A core function of Wisconsin’s technical colleges is to provide basic skills education, to promote a fully literate society, to enable students to fully participate in the state’s workforce, and to ensure that all state residents have an opportunity to better themselves economically.

More than 105,000 students took advantage of the ABE services available at technical colleges over the past three years. To facilitate access to the WTCS and to promote these statewide interests, ABE services by statute must be provided tuition-free.

TABLE 5: 3-Year Total, Adult Basic Education Students

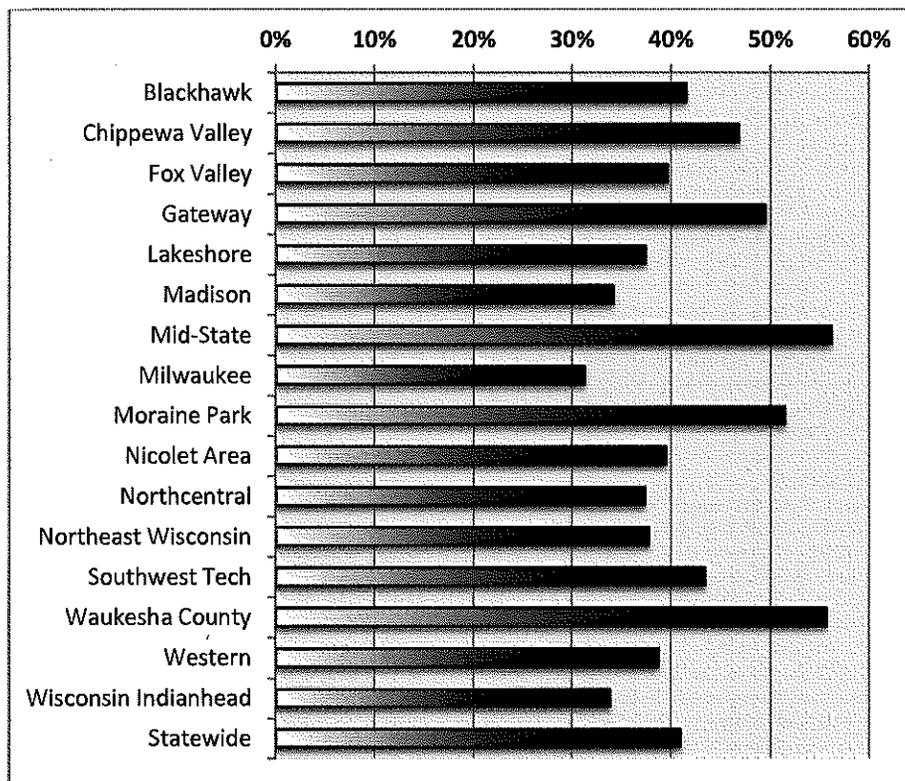
	Number of Students
Blackhawk	3,861
Chippewa Valley	1,826
Fox Valley	6,427
Gateway	11,980
Lakeshore	4,572
Madison Area	12,635
Mid-State	2,472
Milwaukee Area	29,307
Moraine Park	4,342
Nicolet Area	1,623
Northcentral	6,942
Northeast Wisconsin	6,484
Southwest Tech	1,058
Waukesha County	4,532
Western	4,779
Wisconsin Indianhead	2,720
Statewide	105,560



Student success in ABE courses is defined as demonstrated educational gains on standardized national tests, which must be administered and reported as a condition of the colleges' receiving federal adult basic education grants.

As shown in Figure 4, average success rates varied by college on this measure, from 31.3% to 56.1%.

FIGURE 3: 3-Year Success Rate, ABE Students Demonstrating Educational Gains



Funds are distributed based on two factors; 50% of funding is based on each college's proportionate share of the number of adult students who were enrolled in at least 12 hours of adult basic education, adult high school, and English language learning courses. The other 50% of funding is based on each college's "success rate"; the percentage of adult basic education, adult high school, and ELL students who have demonstrated educational gains under standardized pre- and post-testing regimens.





Lomira High School students gather in recognition of the dual credit opportunity in welding created by their local technical college, Lomira High School, Kondex Corporation, Miller Electric and other employer partners.

DUAL ENROLLMENT

Wisconsin’s technical colleges have provided college credit to high school students for more than 20 years, under a variety of programs designed to maximize access, including minimizing the costs to students and their school districts.

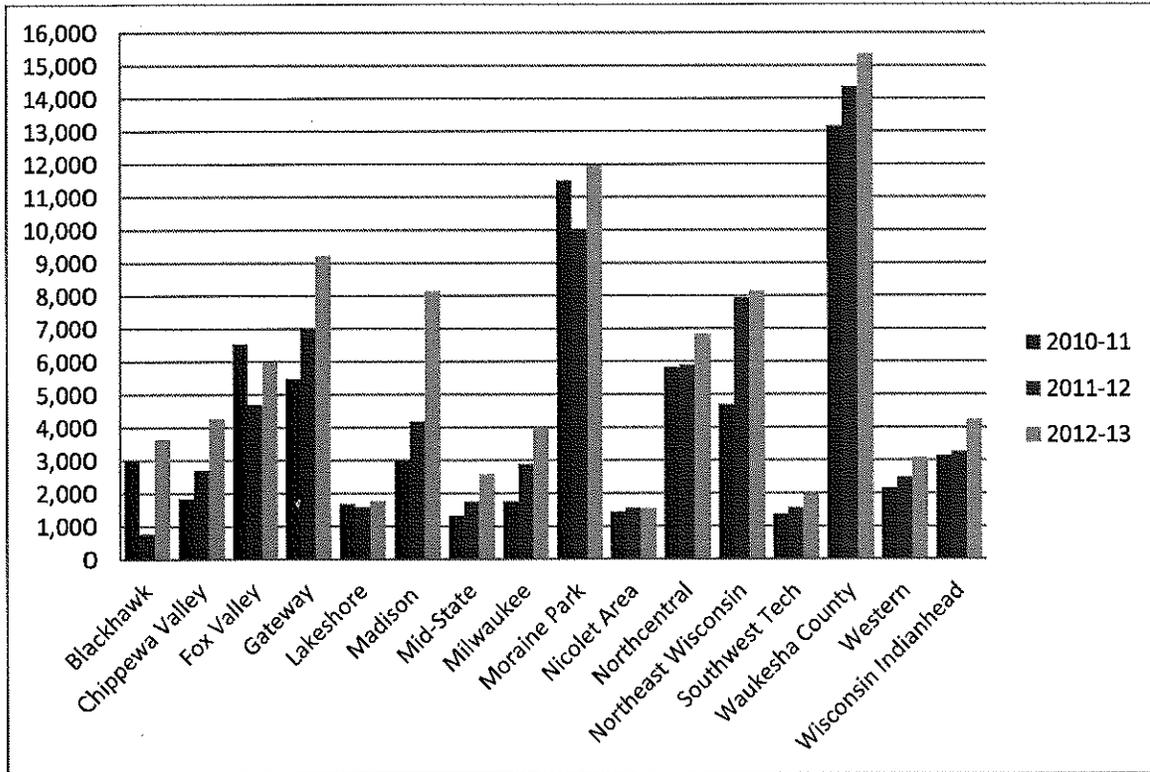
The most popular and fastest growing of these, known as WTCS transcribed credit, permits students to study technical college curricula at their high school, taught by qualified high school instructors, under agreements that are revenue-neutral to both the college and the school district.

Figure 5 below shows the number of dual enrollment credits by college, over the three years used to calculate outcomes-based funding for 2014-15.

As shown, while Waukesha County (more than 42,000 credits over three years) and Moraine Park (more than 33,000 credits) in particular have very strong dual enrollment programs, each of the colleges has worked to establish and continually grow participation in these programs, even in districts which are sparsely populated, cover a large geographical area, or have other challenges to participation.

26,000 high school students annually get a head start on college with WTCS dual enrollment

FIGURE 4: Credits Awarded Under Dual Enrollment



Total dual enrollment credits earned statewide increased from 67,857 in 2010-11, to 72,629 in 2011-12, and 92,619 in 2012-13—an increase of over 36% in just three years. More than 26,000 high school students get a head start on college under WTCS dual enrollment programs each year. Funds are distributed based on each college’s proportionate share of credits earned in all types of dual enrollment statewide, including: transcribed credit; advanced standing (reported once the student enrolls at a technical college, post-high school); youth apprenticeship; youth options; and course options.



Students from Cudahy, Oak Creek and South Milwaukee got some hands-on exposure to manufacturing careers during an October 2014 “Heavy Metal” bus tour.



WORKFORCE TRAINING

Wisconsin technical colleges are an integral component of employer success across the state, as the premiere providers of customized business solutions, apprenticeship-related classroom instruction, on-site training, and professional development, including Lean Six Sigma, sustainability, process improvement, occupational safety, and other specialized training.

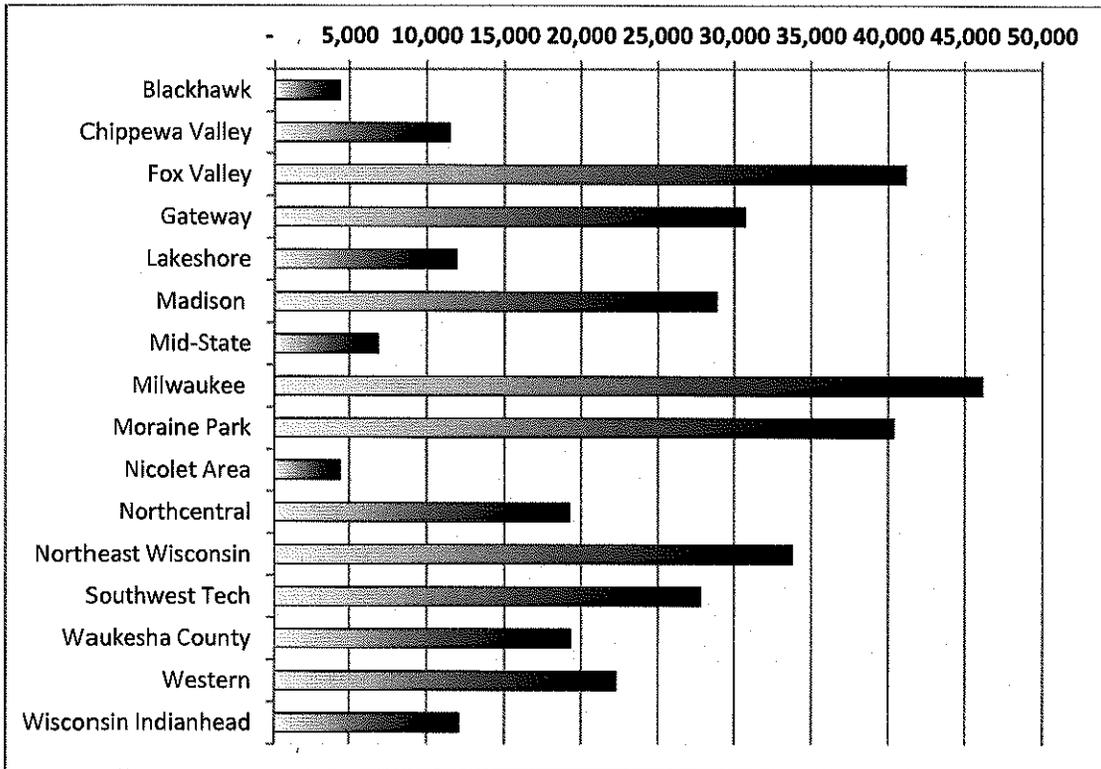


The team at Northern Clearing recently received customized instruction that allowed the company to significantly improve safety operations.

Customized training increases efficiency, productivity, worker safety, and allows employees to increase their employability and earning potential. Technical colleges provide nearly 120,000 credits of workforce training to more than 5,000 employers each year, including businesses of every size and representing every industry in the state. As shown in Figure 6, the level of activity in this area varies widely by college, from 4,300 up to 46,000 credits earned over the three years of data incorporated in this year's calculation.

96% of employers say their local technical college is important to the overall success of their business

FIGURE 5: 3-Year Total, Workforce Training Credits



Workforce training funds are distributed based on each college’s proportionate share of credits generated in each of the following areas:

- contracts to provide customized instruction to public and private employers;
- employer-paid tuition and training;
- apprenticeship education; and
- professional development seminars.

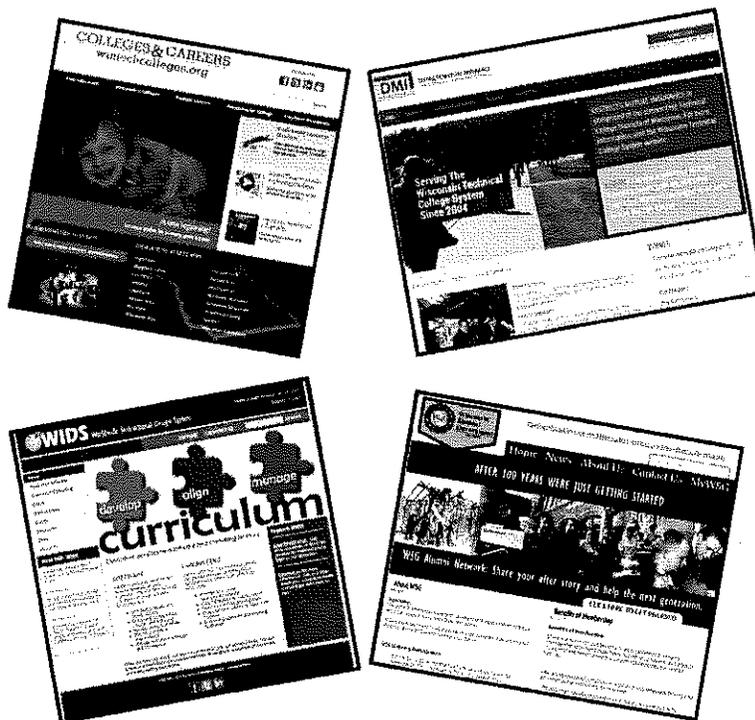
COLLABORATION

Technical colleges participate in a variety of local and regional collaborations and partnerships aimed at increasing efficiencies, maximizing student success and opportunities, and making the most of instructional resources. Six statewide partnerships in which all 16 colleges participate were chosen as standard measures for the purposes of the collaboration criterion.

Districts Mutual Insurance (DMI), for example, was formed by the colleges for the purposes of insuring property, automobile, liability, workers' compensation, and other risk. Since its establishment more than 10 years ago, DMI has saved taxpayers over \$13 million in insurance premiums, via the collective buying power of all 16 institutions, and lowered administrative overhead. Similarly, the purchasing consortium takes advantage of the colleges' combined purchasing power to save on supplies and services common across all districts.

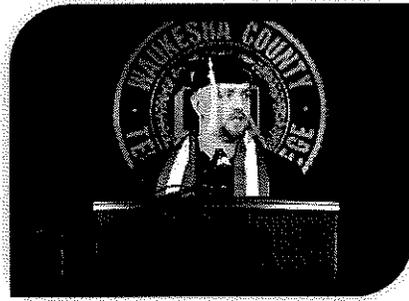
Funds are distributed based 50% on each college's proportionate share of full-time equivalent students and 50% as an amount equally divided among the colleges. To be eligible under this criterion, a college must maintain membership in the following WTCS statewide collaborations:

- Districts Mutual Insurance;
- District Boards Association;
- Purchasing Consortium;
- Marketing Consortium;
- Wisconsin Student Government; and
- the Worldwide Instructional Design System (WIDS).



SPECIAL POPULATIONS

The final criterion recognizes special populations or demographic groups that may be considered unique to certain technical college districts and may require specialized services in order to reach their academic and career goals, such as support services for older dislocated workers and returning veterans.



Charles Robel is a military veteran and a recent technical college graduate.

Table 6 summarizes three years of data on the student populations recognized under this criterion.

TABLE 6: 3-Year Total, Special Populations

	All Students	Pell Recipients (Low Income)	Students of Color	Veterans	Incarcerated	Dislocated Workers	Students With Disabilities
Blackhawk	31,889	6,424	5,105	373	452	907	1,041
Chippewa Valley	45,411	9,237	3,370	507	76	145	1,510
Fox Valley	149,862	12,597	16,131	1,186	1,162	1,686	1,872
Gateway	67,575	14,502	21,790	898	781	676	3,102
Lakeshore	39,056	3,917	4,271	288	708	1,995	788
Madison Area	116,709	16,328	24,157	1,752	1,817	2,120	2,574
Mid-State	24,707	5,949	1,779	339	258	939	2,084
Milwaukee Area	126,187	18,845	63,601	1,575	2,004	1,176	5,453
Moraine Park	52,214	4,797	5,629	357	4,235	1,196	1,910
Nicolet Area	23,342	3,008	2,092	150	262	265	603
Northcentral	55,811	7,746	5,718	470	2,948	1,972	1,161
Northeast WI	125,872	13,174	13,805	970	1,594	1,298	2,366
Southwest Tech	32,663	2,515	1,831	125	1,346	582	1,469
Waukesha County	70,867	7,463	10,042	791	656	726	2,459
Western	46,868	7,044	4,644	698	1,268	494	1,463
WI Indianhead	65,976	5,464	4,096	354	452	697	1,440
Statewide	1,075,009	139,010	188,061	10,833	20,019	16,874	31,295

Half of available funds for this criterion are distributed based on each college's proportionate share (headcount) of students of color; Pell Grant recipients; military veterans; incarcerated; dislocated workers; and persons with disabilities. The remainder is distributed based on each college's concentration of special population students, relative to their total student population.

