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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: May 27, 2016

Re: WTCS Report to JFC

Attached is a report on 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

WISCONSIN TECHNICAL COLLEGE SYSTEM
we are futuremakers

Morna K. Foy, President
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MAY 27 2016
JT. Finance

May 27, 2016

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

Dear Senator Darling and Representative Nygren:

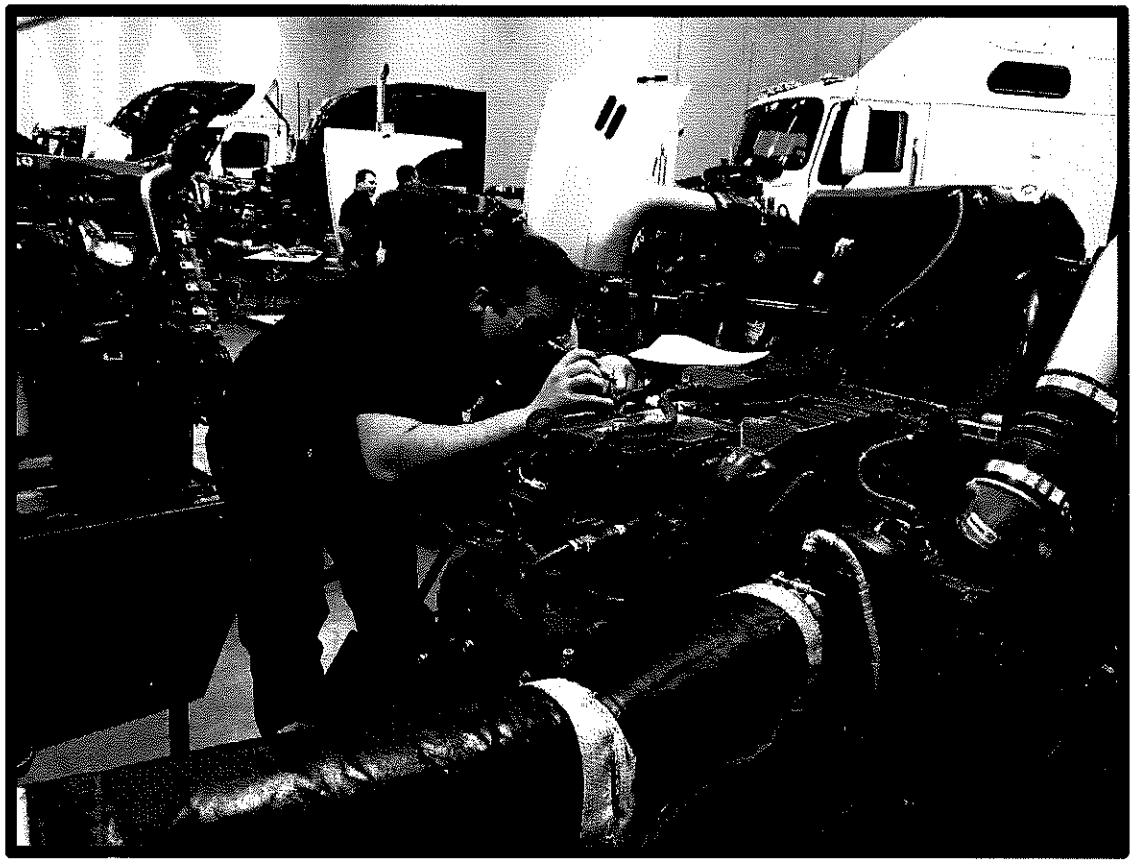
I am pleased to share with you the attached report in compliance with section 38.28 (2) (be) (3) of the Wisconsin statutes. This provision requires the Wisconsin Technical College System (WTCS) to submit an annual report regarding Outcomes-Based Funding. The report is to be submitted to the Joint Committee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

2015-16 report of the

Wisconsin Technical College System

May 2016

Wisconsin Technical College System
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May 2016

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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 funding model for allocating a portion of general state aid to technical colleges.

Statutory Criteria

The funding model is based on nine criteria as 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 funding model be used to distribute 10 percent of appropriated general state aid funding in 2014-15, 20 percent in 2015-16, and 30 percent in 2016-17;
- the remainder of general state aid be distributed based on the enrollment and cost-based statutory aid formula;
- the model 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 funding model'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 outcomes criteria. Annually, each college designates which of the seven criteria 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 criteria 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 model uses data from the three most recent fiscal years for which data is available.

Allocation of Funds among Criteria

Each year, 25 percent of the total outcomes-based funding is divided equally among the nine statutorily-defined outcomes criteria as the base allocation for each criteria. If a criteria(s) is not selected by any of the colleges, then its base allocation is redistributed among the other criteria. The remaining 75 percent of outcomes-based funding is then distributed among all criteria proportionately, based on the number of colleges selecting each criteria.

Twenty Percent of State Aid in 2015-16

Now in its second year of implementation, the outcomes-based funding model — through the distribution of 20 percent of state aid — has already successfully:

- demonstrated the link between college outcomes and the funding provided by the State of Wisconsin;
- encouraged continuous improvement by the colleges in areas of strategic importance; and
- struck a balance in the distribution of state funding between accountability and innovation (i.e., outcomes-based funding at 20 percent) and the need to maintain a continuous, predictable source of funding to address on-going educational and workforce needs (i.e., formula funding at 80 percent).

Ongoing Assessment and the Addition of a Tenth Criteria

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.

In 2015, Wisconsin Act 55 added a tenth outcomes-based criteria, credit for prior learning. Subsequent reports will include this tenth criteria as it is incorporated into the outcomes-based funding model.

2015-16 OUTCOMES FUNDING

TABLE 1: Distribution of 2015-16 Outcomes-Based Funding, by College and Criteria

	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	College Total
Blackhawk	$ 117,592	$ 74,776	$ 103,800	$ 69,752	$ 116,257	$ -	$ -	$ 114,178	$ 129,329	$ 725,684
Chippewa Valley	$ 171,987	$ 158,031	$ 109,426	$ -	$ 91,603	$ 91,267	$ -	$ 147,096	$ 95,321	$ 864,732
Fox Valley	$ 225,120	$ 246,314	$ 298,887	$ -	$ -	$ 142,621	$ 255,057	$ 196,143	$ 143,305	$ 1,507,447
Gateway	$ 178,108	$ 223,519	$ -	$ 227,803	$ 226,534	$ 197,144	$ 178,903	$ -	$ 215,380	$ 1,447,391
Lakeshore	$ 120,694	$ 85,939	$ 151,718	$ -	$ 121,594	$ -	$ 68,186	$ 111,926	$ 118,968	$ 779,025
Madison Area	$ 208,602	$ 277,545	$ -	$ 287,092	$ 225,712	$ -	$ 159,676	$ 247,765	$ 231,291	$ 1,637,683
Mid-State	$ 120,726	$ 88,027	$ 129,411	$ -	$ 131,374	$ 60,852	$ -	$ 112,703	$ 140,062	$ 783,156
Milwaukee Area	$ -	$ 200,085	$ 270,822	$ 446,015	$ 382,465	$ -	$ 212,722	$ 293,589	$ 270,206	$ 2,075,904
Moraine Park	$ 126,980	$ -	$ 163,572	$ -	$ 150,404	$ 263,995	$ 225,701	$ 127,047	$ 174,679	$ 1,232,377
Nicolet Area	$ 78,337	$ 48,615	$ 59,723	$ 42,881	$ 91,519	$ -	$ -	$ 94,684	$ 73,523	$ 489,283
Northcentral	$ 151,940	$ -	$ 165,781	$ 151,631	$ 151,597	$ 153,994	$ 117,645	$ -	$ 182,461	$ 1,075,050
Northeast Wisconsin	$ 184,987	$ 216,489	$ 194,912	$ -	$ -	$ 200,054	$ 190,897	$ 194,409	$ 167,897	$ 1,349,644
Southwest Tech	$ 118,623	$ 72,646	$ 85,635	$ -	$ 86,038	$ -	$ 175,197	$ 103,889	$ 101,691	$ 743,718
Waukesha	$ 143,641	$ 168,470	$ 156,317	$ -	$ 161,969	$ 359,404	$ 111,284	$ 150,974	$ -	$ 1,252,059
Western	$ 145,708	$ 129,995	$ 139,780	$ 96,701	$ -	$ -	$ 100,901	$ 136,306	$ 144,601	$ 893,994
Wisconsin Indianhead	$ 177,416	$ 161,440	$ 122,106	$ -	$ 96,251	$ 89,690	$ -	$ 121,181	$ 81,750	$ 849,833
Total	$2,270,463	$2,151,890	$2,151,890	$1,321,875	$2,033,316	$1,559,022	$1,796,169	$2,151,890	$2,270,463	$17,706,980

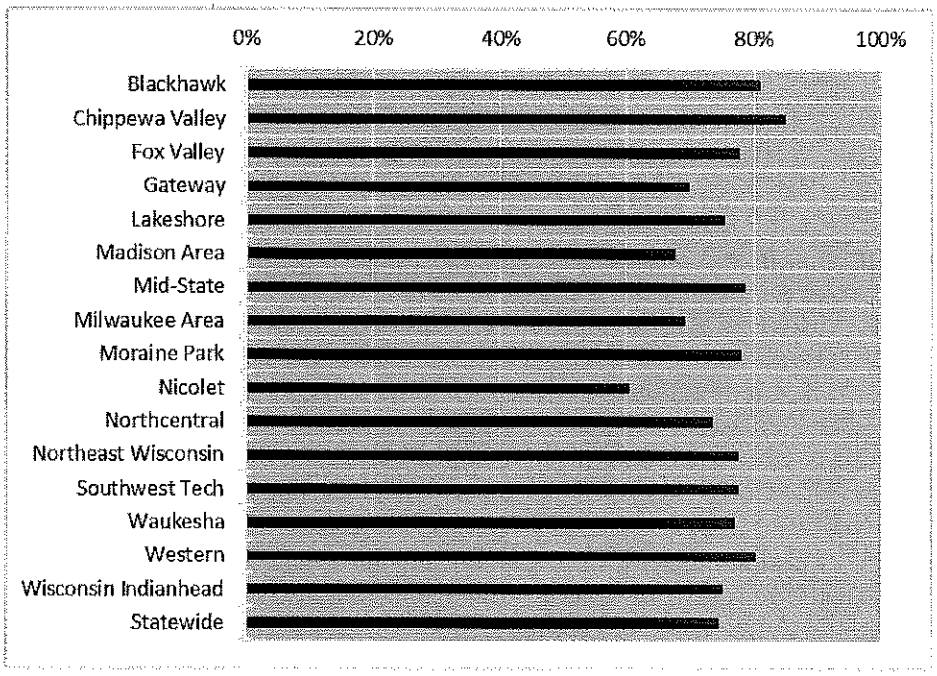
JOB PLACEMENT

92% *of graduates in the workforce were employed within 6 months*

WTCS gathers job placement data by surveying all credential completers six months after graduation. Among 2013-14 graduates, 92 percent of respondents in the workforce were employed, of which 76 percent reported that their job was related to their training. The percentage of graduates employed within 6 months has been 86 percent or higher for each of the past 16 years. Technical college graduates overwhelmingly stay to live and work in Wisconsin, with 88 percent of 2013-14 graduates employed in the state.

As Figure 1 shows, the percentage of WTCS graduates who are in the workforce and employed in jobs related to their training ranged from 61 to 85 percent, depending upon the college.

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



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

2015 graduates of Wisconsin's technical colleges enjoy strong job placement.

As shown in Table 2, between 60.5 and 84.6 percent of employed graduates 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

	Graduates Employed	Graduates Employed in Related Fields	Percentage Employed in Related Fields
Blackhawk	986	797	80.8%
Chippewa Valley	2,241	1,897	84.6%
Fox Valley	4,127	3,205	77.7%
Gateway	3,388	2,358	69.6%
Lakeshore	1,306	984	75.3%
Madison Area	4,530	3,064	67.6%
Mid-State	1,163	914	78.6%
Milwaukee Area	3,794	2,624	69.2%
Moraine Park	1,365	1,064	77.9%
Nicolet	638	386	60.5%
Northcentral	2,313	1,702	73.6%
Northeast Wisconsin	3,012	2,335	77.5%
Southwest Tech	1,149	891	77.5%
Waukesha	1,884	1,449	76.9%
Western	1,775	1,423	80.2%
Wisconsin Indianhead	2,963	2,224	75.1%
Statewide	36,634	27,317	74.6%

Fifty percent of the funds are distributed based on a college's job placement rate and fifty percent based on a college's proportionate share of statewide graduates that report they are working in jobs related to their programs of study.

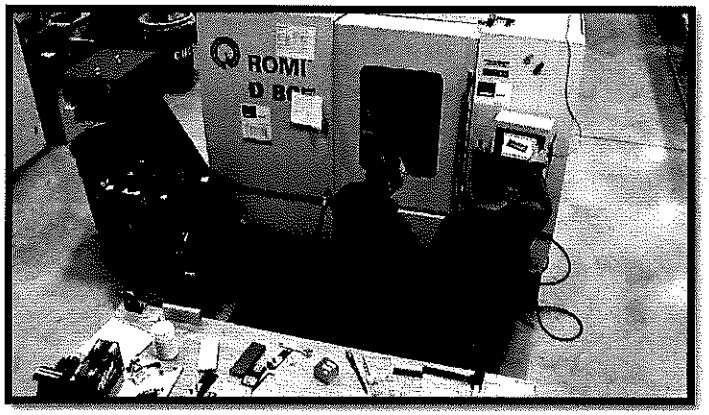
GRADUATES IN HIGH-DEMAND FIELDS

High-demand fields are defined as the top 50 occupations in Wisconsin with heavy employer demand for qualified workers for both new jobs as well as replacements created by turnover or retirements. Occupations are identified by comparing the Wisconsin Department of Workforce Development's (DWD) statewide, long-term occupational projections with the occupational training provided by the technical colleges.

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's labor market projections for 2010 through 2020 and included occupations such as: nurses and related health professionals, truck drivers, welders, machinists, carpenters, plumbers, accountants and auditors, and computer systems analysts.

Wisconsin technical college programs in high-demand occupations produced two-thirds of total technical college graduates statewide over the past three years. This outcome is the product of the longstanding practice of technical colleges to participate in meaningful, ongoing engagement with local employers, regional economies, and labor market analyses. Such efforts influence and inform every technical college program, including its capacity, curriculum, equipment and skillsets.



Graduates in Computer-Numeric Control (CNC) machining are consistently in high demand.

As shown in Table 3, technical colleges produced more than 84,000 degrees and credentials for Wisconsin's workforce in the past three years, including more than 56,000 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	1,755	2,537	69.2%
Chippewa Valley	3,709	5,359	69.2%
Fox Valley	5,781	8,358	69.2%
Gateway	5,246	6,882	76.2%
Lakeshore	2,017	3,104	65.0%
Madison Area	6,514	11,002	65.0%
Mid-State	2,066	2,813	73.4%
Milwaukee Area	4,696	9,084	51.7%
Moraine Park	2,238	3,465	64.6%
Nicolet	1,141	1,424	80.1%
Northcentral	3,279	4,863	67.4%
Northeast Wisconsin	5,081	7,796	65.2%
Southwest Tech	1,705	2,364	72.1%
Waukesha	3,954	5,416	73.0%
Western	3,051	4,511	67.6%
Wisconsin Indianhead	3,789	5,274	71.8%
Statewide	56,022	84,252	66.5%

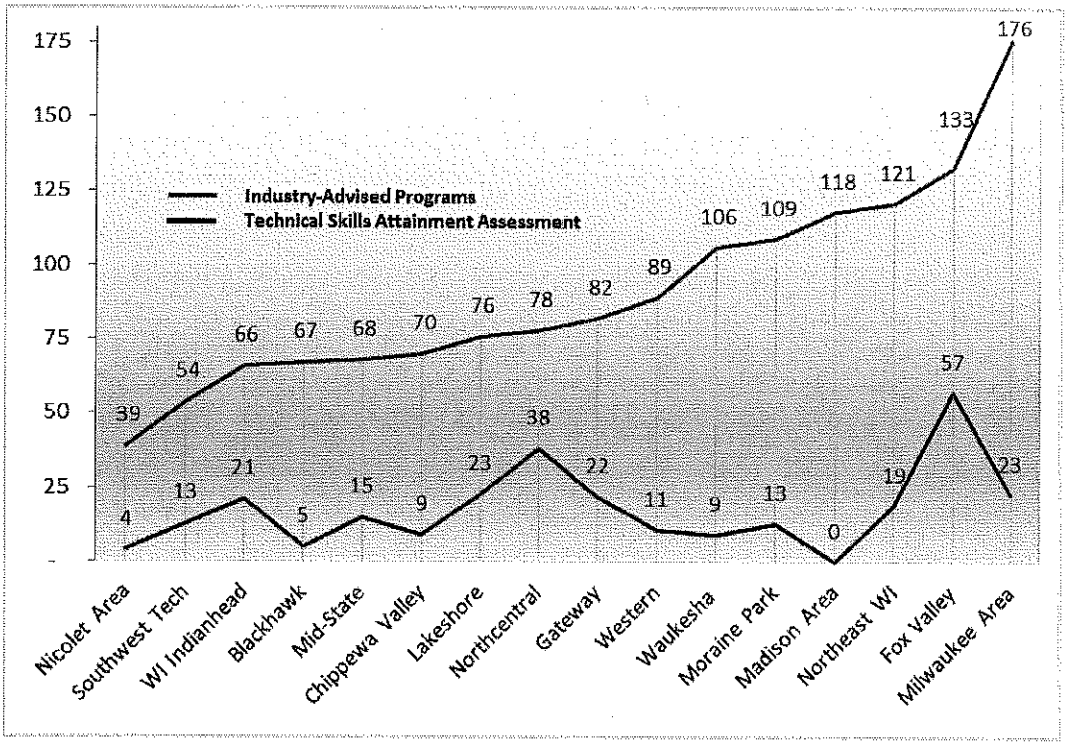
Funds are distributed based on each college's proportionate share of the total number of degrees and certificates awarded in high-demand fields statewide.

INDUSTRY-VALIDATED CURRICULUM

Industry-validated curriculum is defined as active technical college degree and certificate programs having advisory committees comprised of local employers and employees in the relevant occupation, who 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. TSAs 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 ensuring that those outcomes derive directly from valid industry standards. First introduced to Wisconsin's technical college system in 2011-12, TSAs have not yet been implemented at every college or for every program. It is anticipated that TSA implementation at the colleges will accelerate in the coming years, in part due to the incentives available under outcomes-based funding.

FIGURE 2: Industry-Validated Programs and TSAs, 2013-14



Seventy five percent of the funds are distributed based on each college's proportionate share of active programs (i.e., having enrolled students) and the remaining 25 percent is distributed based on each college's proportionate share of programs with TSA assessments.

ABE TRANSITIONS

Adult Basic Education (ABE) helps adults with reading, writing, mathematics skills 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. ELL helps these learners to read, write and communicate in English in order to achieve high school completion, entry into occupational programs and work placement.

Students in some program areas can advance basic skills while enrolled in occupational training.

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 21,000 students transition out of basic education.

Table 4 shows the number of adults over a three year period transitioning from ABE to postsecondary coursework in the same year, or in the following year.

TABLE 4: Transitions from Adult Basic to Postsecondary Education

	3-Year Total
Blackhawk	880
Chippewa Valley	270
Fox Valley	651
Gateway	2,874
Lakeshore	519
Madison Area	3,622
Mid-State	497
Milwaukee Area	5,627
Moraine Park	832
Nicolet	541
Northcentral	1,913
Northeast Wisconsin	1,085
Southwest Tech	127
Waukesha	659
Western	1,220
Wisconsin Indianhead	355
Statewide	21,672

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, or ELL 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 criteria 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.

Students who experience success in ABE often can continue to build on it.

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

More than 95,000 students took advantage of ABE services at technical colleges over the past three years. To facilitate access to Wisconsin's technical colleges and to promote these statewide interests, ABE services by law must be provided tuition-free.

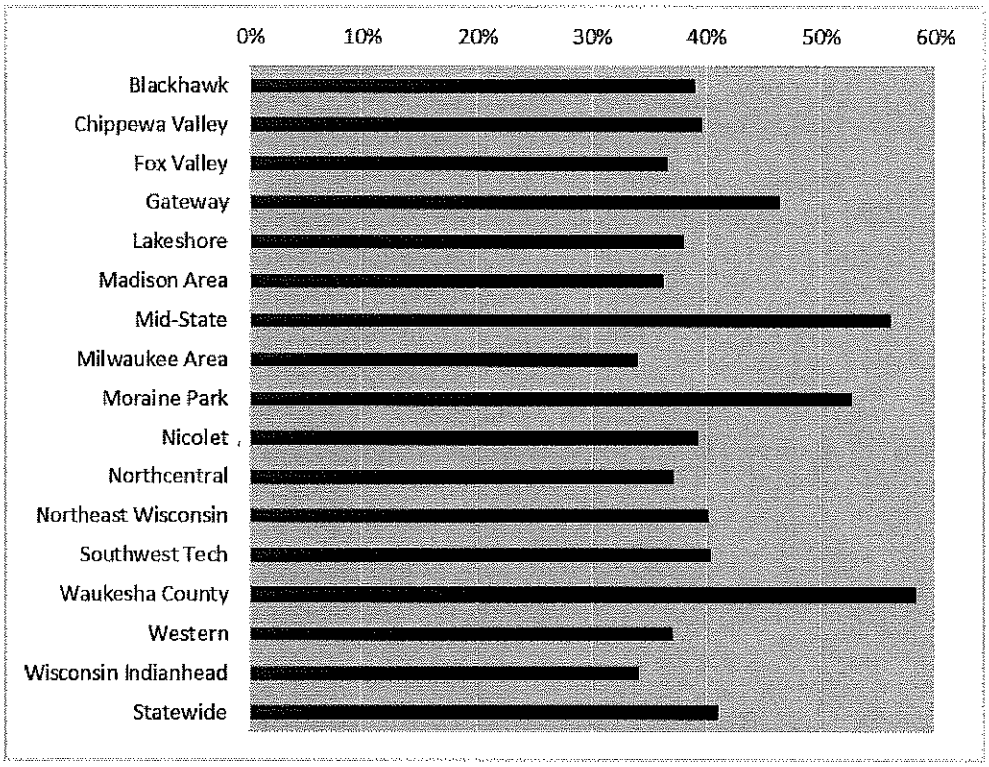
TABLE 5: 3-Year Total, Adult Basic Education Students

	Number of Students
Blackhawk	3,515
Chippewa Valley	1,477
Fox Valley	4,220
Gateway	11,195
Lakeshore	4,076
Madison Area	12,600
Mid-State	2,210
Milwaukee Area	25,371
Moraine Park	4,210
Nicolet	1,515
Northcentral	6,581
Northeast Wisconsin	6,264
Southwest Tech	916
Waukesha County	4,325
Western	4,279
Wisconsin Indianhead	2,648
Statewide	95,402

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

As shown in Figure 3, the average success rates varied by college on this measure, from 34.0 to 56.2 percent.

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



Funds are distributed based on two factors: 50 percent 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 or ELL courses. The other 50 percent of funding is based on each college's "success rate," which is defined as the percentage of adult basic education, adult high school or ELL students who have demonstrated educational gains under standardized pre- and post-testing regimens.

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 and minimize costs to students and their school districts.

Dual credit high school students.

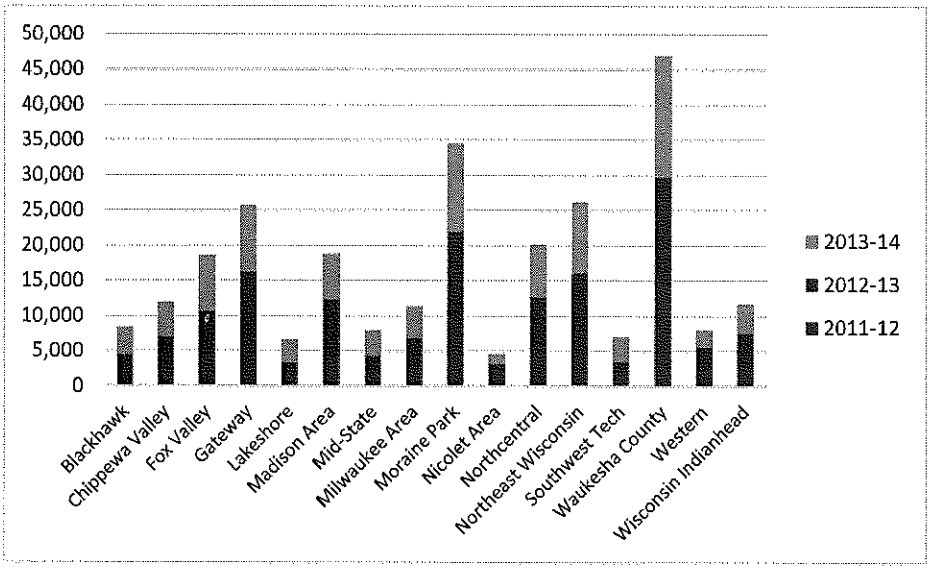
The most popular and fastest growing of these is known as "transcripted credit." It permits students to study technical college curricula at their high school — taught by qualified high school instructors — under agreements that are revenue-neutral to both the college and the school district.

Figure 4 shows the number of dual enrollment credits issued by college, over the three years, used to calculate outcomes-based funding for 2015-16.

Each college works to establish and continually grow participation in these programs, even in those districts that are sparsely populated, cover a large geographical area, or have other challenges to participation. Over the past three years, Moraine Park and Waukesha County have particularly strong dual enrollment programs offering more than 34,000 and 46,000 dual enrollment credits, respectively.

30,000 *high school students annually get a head start on college with WTCS dual enrollment*

FIGURE 4: Credits Awarded Under Dual Enrollment



Total statewide dual enrollment credits earned by high school students at Wisconsin's technical colleges increased from 72,629 in 2011-12, to 92,619 in 2012-13 and 103,222 in 2013-14 —an increase of over 36 percent in just three years. Thanks to WTCS dual enrollment programs, more than 30,000 high school students get a head start on college each year.

Funds are distributed based on each college's proportionate share of statewide credits earned in all types of dual enrollment offerings, which include transcripted credit, advanced standing (reported once the student enrolls at a technical college, post-high school), and Youth Apprenticeship, Youth Options and Course Options programs.

High school students start planning for their future at a career exploration event at their local technical college.

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.

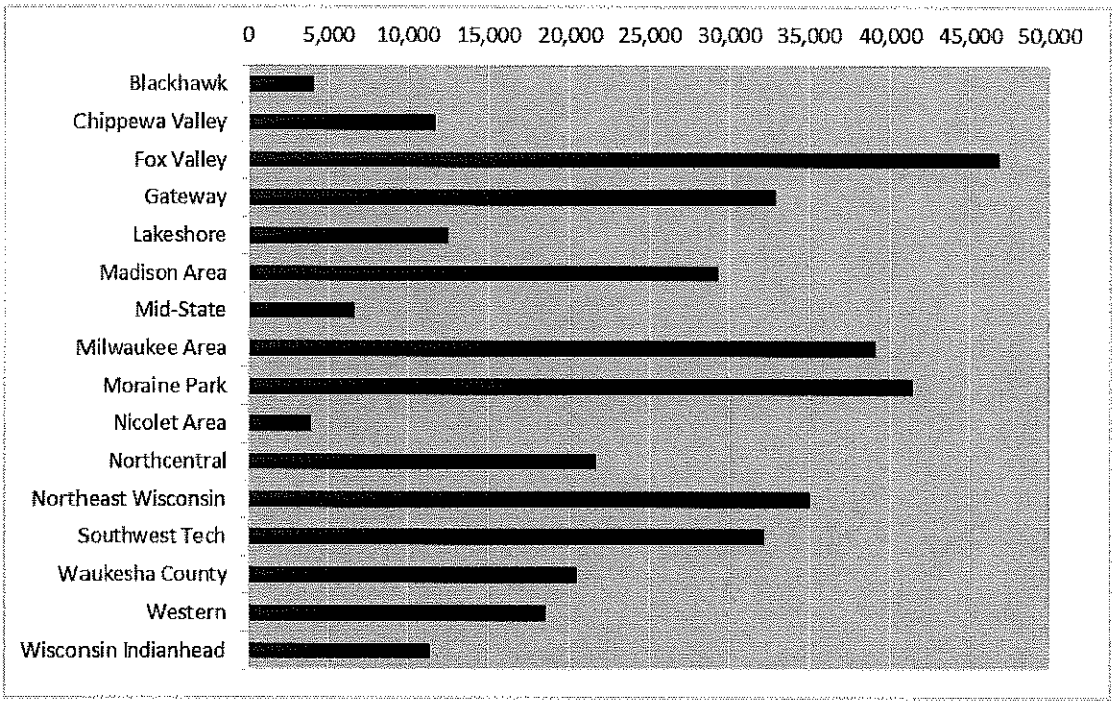
Technical colleges partner with local area businesses to provide customized training.

WTCS-delivered customized training helps business to increase their efficiency, productivity and worker safety. For employees, it allows them to improve their employability and earning potential. Technical colleges provide over 128,000 credits of workforce training to more than 5,000 employers each year, including businesses of every size and representing every industry in the state.

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

As shown in Figure 5, the level of activity in this area varies widely by college: from 3,700 up to 46,700 credits earned over the three years of data incorporated in this year's calculation.

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.

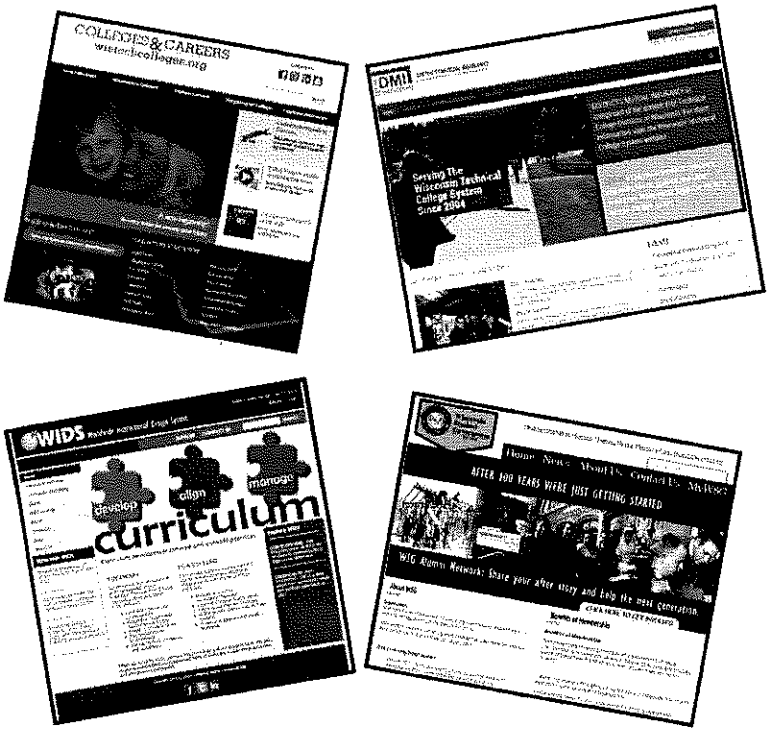
COLLABORATION

Wisconsin's 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. The six statewide partnerships in which all 16 technical colleges participate were chosen as standard measures for the purposes of the collaboration criteria.

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, through the collective buying power of all 16 institutions and lowered administrative overhead. Similarly, the WTCS Purchasing Consortium takes advantage of the colleges' combined purchasing power to save on supplies and services common across all 16 colleges.

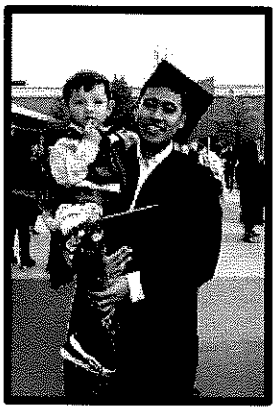
Funds are distributed based 50 percent on each college's proportionate share of full-time equivalent students and 50 percent as an amount equally divided among the colleges. To be eligible under this criteria, a college must maintain membership in the following WTCS statewide partnerships:

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



SPECIAL POPULATIONS

The final criteria recognizes special student populations or demographic groups that may be considered unique to certain technical college districts, such as older dislocated workers and returning veterans. These groups may require specialized support services in order to reach their academic and career goals. Table 6 summarizes three years of data on the student populations recognized under this criteria.



Graduation day celebration.

TABLE 6: 3-Year Total, Special Populations Served by Wisconsin Technical Colleges

	All Students	Pell Recipients (Low Income)	Students of Color	Veterans	Incarcerated	Dislocated Workers	Students with Disabilities
Blackhawk	28,452	6,086	4,837	352	440	403	958
Chippewa Valley	44,763	8,842	3,343	560	58	126	1,387
Fox Valley	141,536	12,762	15,225	1,222	1,267	1172	1,683
Gateway	63,961	16,565	21,392	920	1,011	784	2,964
Lakeshore	39,201	3,536	4,348	262	676	1214	783
Madison Area	113,707	16,397	24,485	1,689	1,448	1702	3,595
Mid-State	23,633	5,751	1,798	331	308	586	2,016
Milwaukee Area	119,930	18,866	63,091	1,590	1,425	859	5,065
Moraine Park	49,734	4,538	5,643	343	4,429	753	1,745
Nicolet Area	21,662	2,927	1,801	142	151	180	532
Northcentral	53,837	7,983	5,639	501	2,824	1541	1,314
Northeast WI	123,415	13,991	13,847	977	1,618	1012	2,340
Southwest Tech	32,761	2,407	1,840	105	1,085	333	1,523
Waukesha County	69,679	7,410	10,269	761	733	433	2,276
Western	41,882	6,601	4,652	647	1,270	392	1,569
WI Indianhead	62,812	5,211	3,944	366	514	596	1,340
Statewide	1,030,965	139,873	186,154	10,768	19,257	12,086	31,090

Half of available funds for this criteria are distributed based on each college's proportionate share (i.e., headcount) of the six special populations: students of color, Pell Grant recipients, military veterans, incarcerated individuals, dislocated workers and persons with disabilities. The remainder is distributed based on each college's percentage of special population students, relative to their total student population.