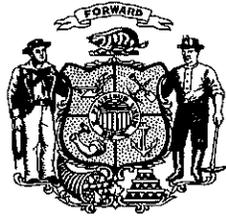


# STATE OF WISCONSIN

SENATE CHAIR  
**Alberta Darling**

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ASSEMBLY CHAIR  
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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Alberta Darling  
Representative John Nygren

Date: June 30, 2017

Re: WTCS Report to JFC

Attached is a report on 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**

4622 University Avenue  
PO Box 7874  
Madison, Wisconsin 53707-7874  
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June 30, 2017

JUN 30 2017  
St. Finance

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

2016-17 report of the  
Wisconsin Technical College System

May 2017



Wisconsin Technical College System  
Dr. Morna K. Foy, President  
4622 University Avenue  
Madison, Wisconsin 53705  
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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 partners and stakeholders provided input into the identification of data sources and the funding model design, including:

- technical college presidents and leadership;
- technical college staff;
- Legislators and legislative staff;
- a variety of external stakeholders, including state and local entities who routinely collaborate with the technical colleges, and
- all interested stakeholders through an on-line survey.

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.

**Thirty Percent of State Aid in 2016-17**

Now in its third year of implementation, the outcomes-based funding model — through the distribution of 30 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 30 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 70 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.



## 2016-17 OUTCOMES FUNDING

TABLE 1: Distribution of 2016-17 Outcomes-Based Funding, by College and Criteria (in \$)

	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	166,705	-	145,593	116,905	181,487	118,872	-	167,406	177,575	1,074,542
Chippewa Valley	259,290	256,286	165,730	-	128,649	163,728	-	221,303	138,805	1,333,791
Fox Valley	333,101	354,013	419,303	-	-	251,810	454,412	295,216	228,785	2,336,640
Gateway	266,194	305,245	-	347,947	321,982	313,411	273,732	-	326,678	2,155,189
Lakeshore	183,898	123,825	224,304	-	181,766	-	102,030	167,235	169,610	1,152,668
Madison Area	318,624	377,889	-	520,883	366,792	-	231,418	377,090	353,921	2,946,617
Mid-State	180,132	128,207	181,425	-	183,133	103,846	-	168,857	207,255	1,152,855
Milwaukee Area	-	289,179	408,370	524,203	569,577	-	268,670	436,407	417,097	2,913,503
Moraine Park	187,856	-	229,600	-	230,786	366,518	305,071	191,110	257,103	1,768,045
Nicolet	125,271	73,089	104,453	83,978	138,308	-	-	141,824	102,115	769,037
Northcentral	226,675	197,104	271,996	242,940	232,637	242,470	-	-	276,352	1,690,174
Northeast Wisconsin	278,250	329,311	299,253	-	-	307,352	282,492	294,306	256,428	2,047,393
Southwest Tech	183,010	105,220	141,488	-	121,703	-	251,689	156,721	139,745	1,099,574
Waukesha County	219,518	251,968	235,592	-	242,059	525,465	169,019	225,790	-	1,869,412
Western	210,714	188,532	211,821	145,958	179,505	-	-	203,820	237,221	1,377,571
Wisconsin Indianhead	266,458	247,958	188,907	-	149,451	122,920	-	180,750	117,005	1,273,459
<b>Total</b>	<b>3,405,695</b>	<b>3,227,835</b>	<b>3,227,835</b>	<b>1,982,813</b>	<b>3,227,835</b>	<b>2,516,394</b>	<b>2,338,533</b>	<b>3,227,835</b>	<b>3,405,695</b>	<b>26,560,470</b>

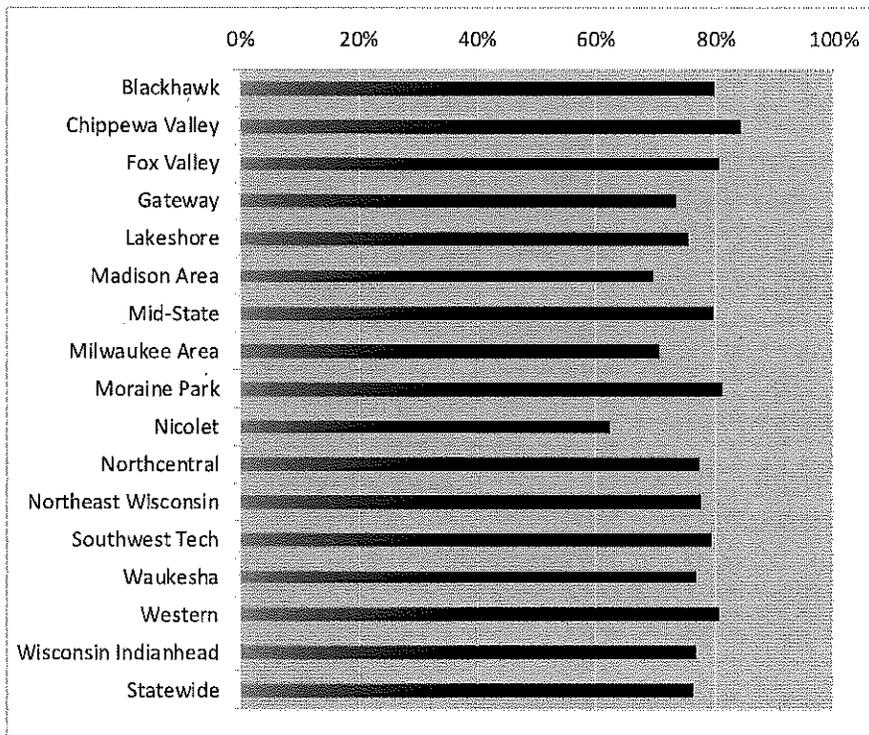
**JOB PLACEMENT**

WTCS gathers job placement data by surveying all credential completers six months after graduation. Among 2014-15 graduates, 93 percent of respondents in the workforce were employed, of which 78 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 17 years. Technical college graduates overwhelmingly stay to live and work in Wisconsin, with 81 percent of 2014-15 graduates employed in the state.

*93% of graduates in the workforce were employed within 6 months*

As Figure 1 shows, the percentage of WTCS graduates who are in the workforce and employed in jobs related to their training ranged from 63 to 84 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.



2016 graduates of Wisconsin's technical colleges enjoy strong job placement.

As shown in Table 2, between 62.5 and 84.1 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	886	707	79.8%
Chippewa Valley	2,318	1,950	84.1%
Fox Valley	3,825	3,087	80.7%
Gateway	3,101	2,277	73.4%
Lakeshore	1,383	1,045	75.6%
Madison Area	4,464	3,112	69.7%
Mid-State	1,139	906	79.5%
Milwaukee Area	3,693	2,606	70.6%
Moraine Park	1,217	986	81.0%
Nicolet	763	477	62.5%
Northcentral	2,105	1,626	77.2%
Northeast Wisconsin	3,053	2,365	77.5%
Southwest Tech	1,202	953	79.3%
Waukesha	1,997	1,533	76.8%
Western	1,640	1,323	80.7%
Wisconsin Indianhead	2,870	2,207	76.9%
<b>Statewide</b>	<b>35,656</b>	<b>27,160</b>	<b>76.2%</b>

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 compilation 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 of WTCS welding programs 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 54,000 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	1,613	2,281	70.7%
Chippewa Valley	4,036	5,818	69.4%
Fox Valley	5,575	8,311	67.1%
Gateway	4,807	6,426	74.8%
Lakeshore	1,950	3,009	64.8%
Madison Area	5,951	10,337	57.6%
Mid-State	2,019	2,777	72.7%
Milwaukee Area	4,554	8,740	52.1%
Moraine Park	2,160	3,368	64.1%
Nicolet	1,151	1,558	73.9%
Northcentral	3,104	5,610	55.3%
Northeast Wisconsin	5,186	7,918	65.5%
Southwest Tech	1,657	2,310	71.7%
Waukesha	3,968	5,558	71.4%
Western	2,969	4,352	68.2%
Wisconsin Indianhead	3,905	5,923	65.9%
<b>Statewide</b>	<b>54,605</b>	<b>84,296</b>	<b>64.8%</b>

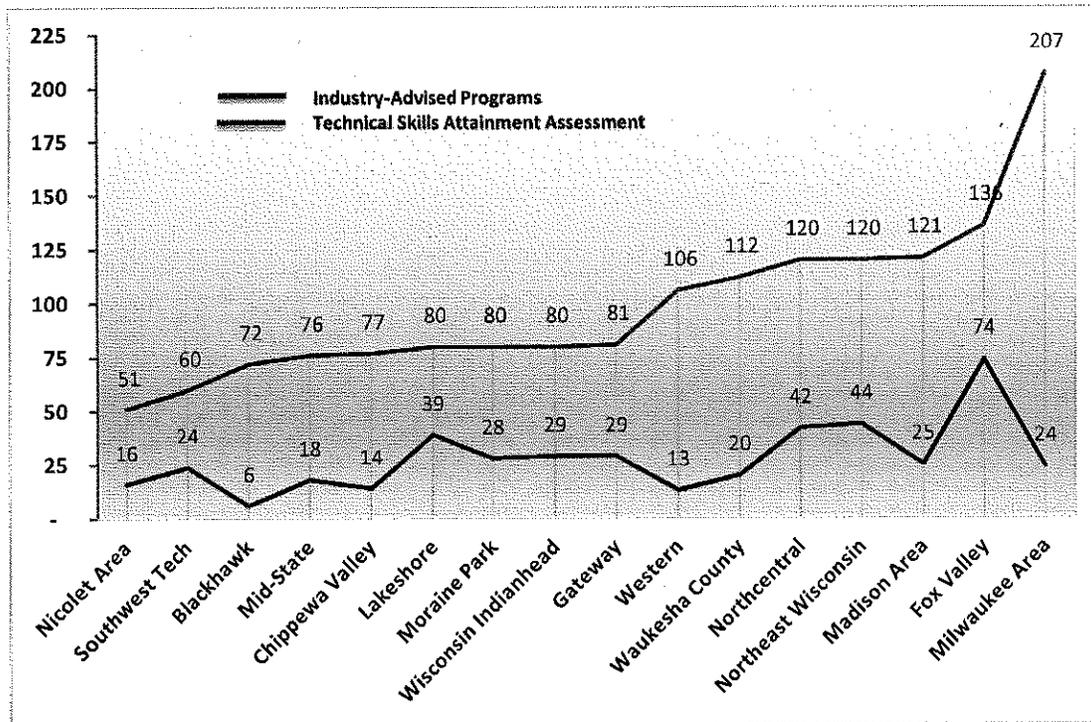
Funds are distributed based on each college's proportionate share of the total number of degrees and certificates awarded in high-demand fields statewide.

### 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 been implemented at every college.

FIGURE 2: Industry-Validated Programs and TSAs, 2014-15



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 almost 19,000 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	845
Chippewa Valley	248
Fox Valley	405
Gateway	2,515
Lakeshore	563
Madison Area	3,765
Mid-State	423
Milwaukee Area	3,789
Moraine Park	820
Nicolet	607
Northcentral	1,756
Northeast Wisconsin	945
Southwest Tech	92
Waukesha	579
Western	1,055
Wisconsin Indianhead	461
<b>Statewide</b>	<b>18,868</b>

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 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 87,000 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.

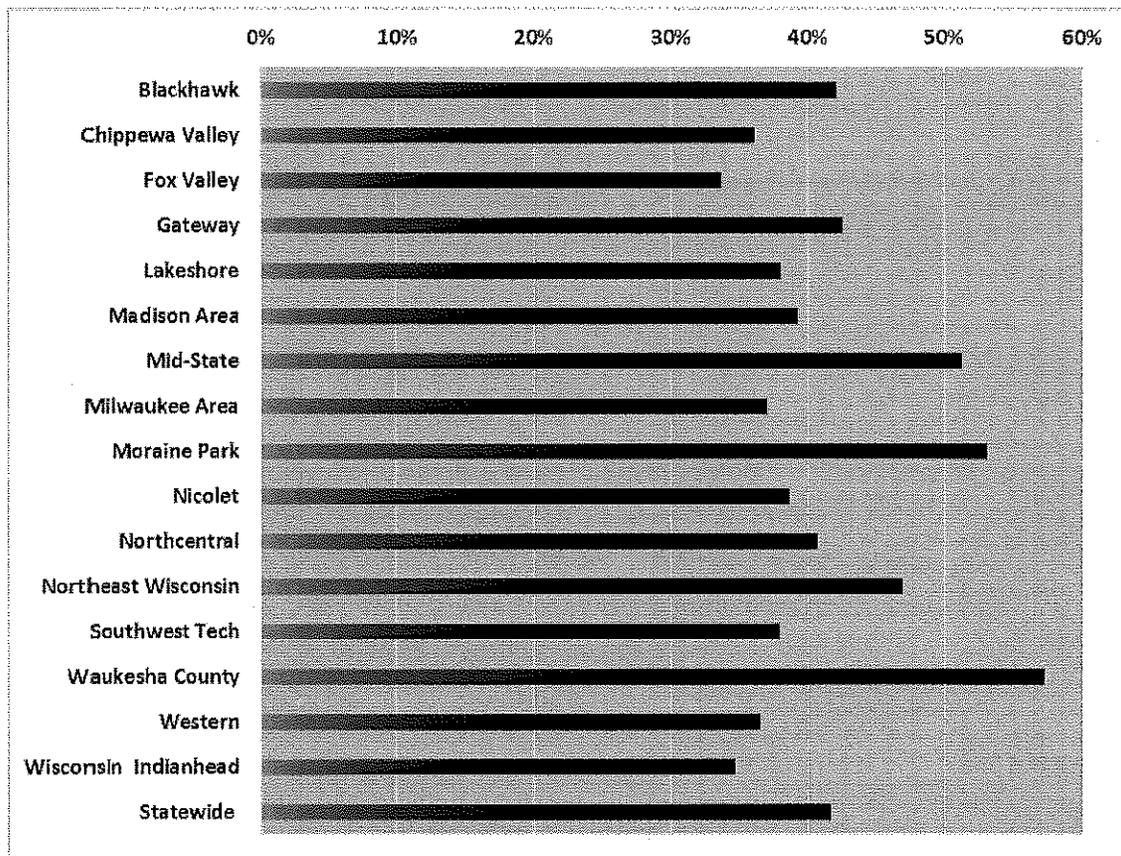
**TABLE 5: 3-Year Total, Adult Basic Education Students**

	Number of Students
Blackhawk	3,156
Chippewa Valley	1,401
Fox Valley	4,097
Gateway	9,872
Lakeshore	3,708
Madison Area	12,474
Mid-State	2,009
Milwaukee Area	22,552
Moraine Park	4,059
Nicolet	1,530
Northcentral	5,812
Northeast Wisconsin	5,540
Southwest Tech	824
Waukesha	4,046
Western	3,807
Wisconsin Indianhead	2,593
<b>Statewide</b>	<b>87,480</b>

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 33.7 to 57.3 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.

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.

*32,000 high school students annually get a head start on college with WTCS dual enrollment*

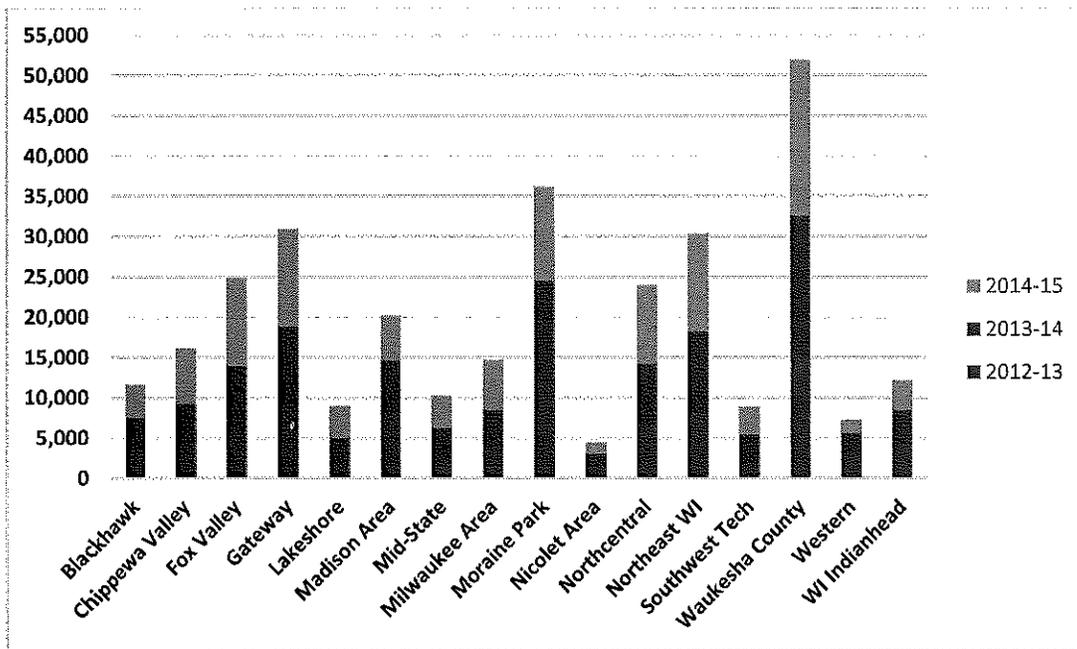
Figure 4 shows the number of dual enrollment credits issued by college, over the three years, used to calculate outcomes-based funding for 2016-17.

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 36,000 and 51,000 dual enrollment credits, respectively.



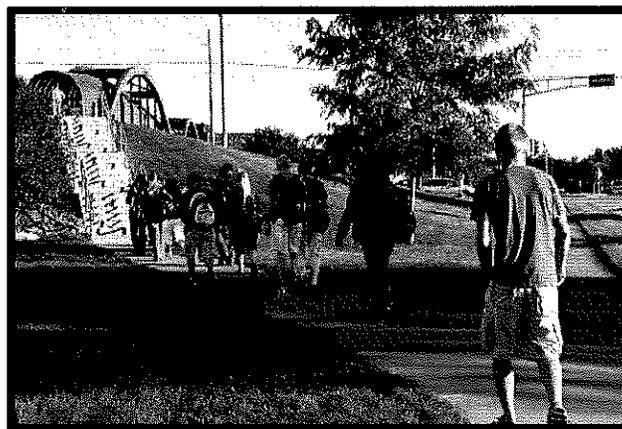
Dual enrollment credits earned by high school students have increased 27 percent over three years.

**FIGURE 4: Credits Awarded Under Dual Enrollment**



Total statewide dual enrollment credits earned by high school students at Wisconsin’s technical colleges increased from 92,619 in 2012-13 to 103,222 in 2013-14 and 117,203 in 2014-15 — an increase of over 27 percent in three years. Thanks to WTCS dual enrollment programs, more than 32,000 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 transcribed credit, advanced standing (reported once the student enrolls at a technical college, post-high school), and Youth Apprenticeship, Youth Options and Course Options programs.



Many opportunities exist for high school students to earn college credit for courses offered at their local technical college and/or high school.



## 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.

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

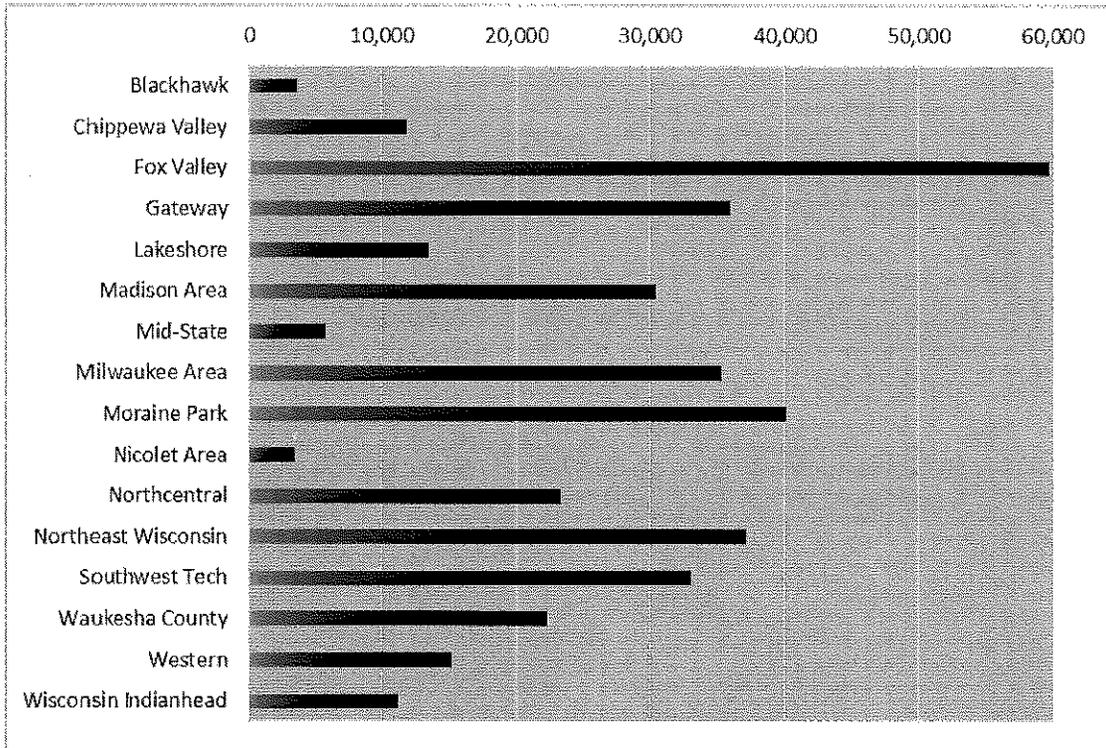
WTCS-delivered customized training helps business to increase their efficiency, productivity and worker safety. For employees, it allows them to improve their employability and earning potential. Technical colleges provide over 134,000 credits of workforce training to more than 5,000 employers each year, including businesses of every size and representing every industry in the state.



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

As shown in Figure 5, the level of activity in this area varies widely by college: from approximately 3,500 up to almost 60,000 of workforce 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.

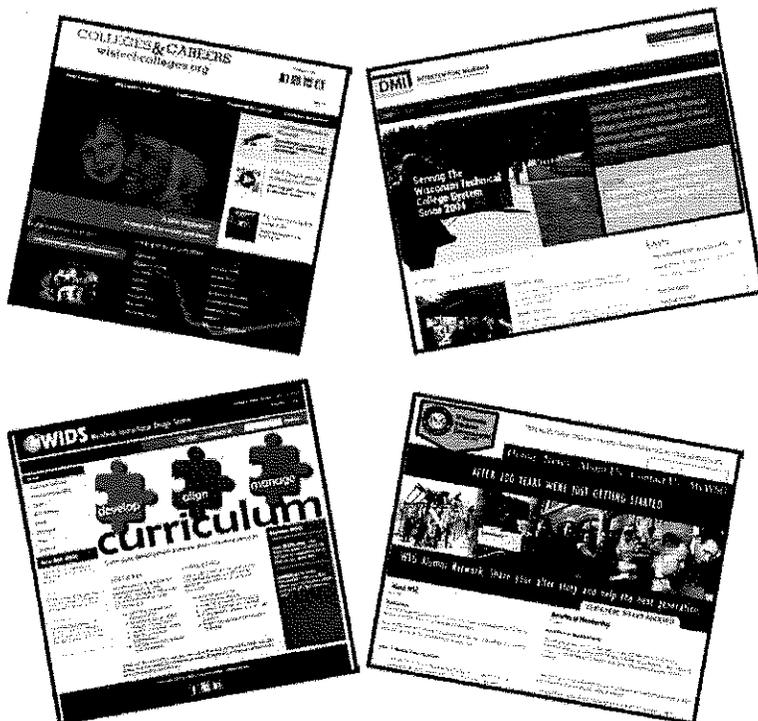
## COLLABORATION

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:

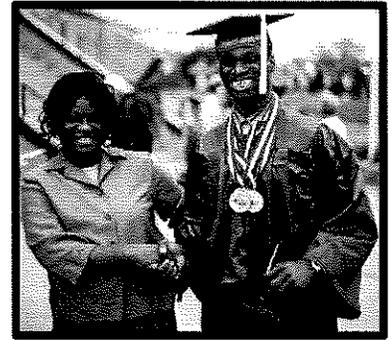
- Districts Mutual Insurance,
- District Boards Association,
- Purchasing Consortium,
- Marketing Consortium,
- Wisconsin Student Government, and
- Worldwide Instructional Design System (WIDS).



## 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	24,325	5,290	4,452	342	411	173	840
Chippewa Valley	42,489	8,325	3,286	554	52	160	1,233
Fox Valley	133,195	11,951	15,457	1,203	1,616	845	1,820
Gateway	59,608	15,104	20,084	917	945	581	2,837
Lakeshore	36,359	3,397	4,111	250	669	682	756
Madison Area	108,890	16,083	24,170	1,550	1,239	1,277	4,219
Mid-State	22,274	5,498	1,787	316	345	376	1,812
Milwaukee Area	114,188	23,409	61,866	1,488	914	847	4,660
Moraine Park	47,676	4,294	5,681	323	4,404	557	1,770
Nicolet	20,893	2,666	1,699	138	117	115	562
Northcentral	52,895	7,875	5,554	486	2,630	1,018	1,407
Northeast WI	115,476	13,602	13,600	993	1,512	722	2,437
Southwest Tech	30,223	2,309	1,761	90	798	220	1,419
Waukesha	67,374	7,044	10,304	762	762	302	2,165
Western	36,579	6,306	4,473	600	1,230	315	1,642
WI Indianhead	59,924	4,861	3,645	344	552	442	1,192
<b>Statewide</b>	<b>972,368</b>	<b>138,014</b>	<b>181,930</b>	<b>10,356</b>	<b>18,196</b>	<b>8,632</b>	<b>30,771</b>

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.