

# STATE OF WISCONSIN

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Alberta Darling  
Representative John Nygren

Date: November 20, 2017

Re: WTCS Report to JFC

Attached is a report on Outcome-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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November 20, 2017

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

NOV 20 2017  
*J.F. Finance*

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

2017-18 report of the  
Wisconsin Technical College System

November 2017

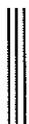
## EXECUTIVE SUMMARY

WTCS is the first higher education sector in Wisconsin to distribute a portion of its state aid based on the outcomes of its 16 colleges. This model of distributing state funding began with 2014-15 state fiscal year. Now in its fourth year of implementation, the outcomes-based funding model 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).

WTCS has seen statewide improvements in a number of areas as established by the Legislature.

- The percentage of graduates employed in jobs related to their training has risen from 74 percent in 2013-14 to nearly 79 percent in 2015-16.
- The number of degrees awarded in high-demand fields has increased by 7 percent from 2013-14 to 2015-16.
- The number of programs with technical skills attainment assessment has jumped 142 percent between 2014 and 2016.
- The number of dual enrollment credits awarded to Wisconsin high school students has grown by 23 percent from 2013-14 to 2015-16.
- The number of workforce training credits awarded to employees of Wisconsin businesses has increased by 10 percent from 2013-14 to 2015-16.



## 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 an initial nine criteria:

- 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 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.

Subsequent legislation added a tenth outcomes-based criteria, credit for prior learning, to the model. WTCS is collecting data as reported by the colleges and is working to ensure a consistent approach across the system. WTCS will incorporate the tenth criteria into the funding model and distribute funding based on the colleges' outcomes for this criteria beginning with the 2018-19 distribution.

In 2017, Wisconsin Act 59 permanently capped at 30 percent the amount of general state aid distributed to the colleges using the outcomes-based funding model.

### 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. The remaining 75 percent of outcomes-based funding is then distributed among all criteria proportionately, based on the number of colleges selecting each criteria.

## 2017-18 OUTCOMES FUNDING

TABLE 1: Distribution of 2017-18 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	154,466	-	144,913	109,416	180,923	137,526	-	165,023	166,450	1,058,716
Chippewa Valley	252,745	256,379	179,711	-	-	183,813	99,511	222,220	128,651	1,323,031
Fox Valley	337,146	350,877	395,745	-	-	316,492	509,684	296,870	241,887	2,448,701
Gateway	266,643	272,129	-	322,561	302,004	338,642	244,562	-	307,001	2,053,542
Lakeshore	179,375	123,403	216,996	-	176,127	128,294	-	167,314	162,405	1,153,913
Madison Area	336,223	340,315	-	547,380	373,389	-	219,445	382,096	344,471	2,543,320
Mid-State	182,968	123,218	162,784	-	162,976	104,790	-	169,497	227,615	1,133,848
Milwaukee Area	-	280,776	403,705	547,530	546,266	-	270,296	426,567	434,300	2,909,439
Moraine Park	183,693	-	209,417	-	235,620	331,785	300,640	194,346	274,570	1,730,073
Nicolet	127,822	73,313	114,345	86,365	132,978	-	-	140,997	104,561	780,381
Northcentral	223,596	-	287,718	239,339	239,092	276,559	216,034	-	265,581	1,747,919
Northeast Wisconsin	288,945	340,501	311,361	-	-	341,053	278,004	296,655	259,348	2,115,867
Southwest Tech	185,576	-	151,137	-	121,785	107,996	205,786	157,552	138,825	1,068,657
Waukesha County	223,409	244,521	243,636	-	244,352	492,349	172,431	226,032	-	1,846,729
Western	208,333	200,792	215,042	130,222	172,664	-	-	203,585	242,031	1,372,669
Wisconsin Indianhead	254,755	265,891	191,325	-	161,798	112,817	-	179,083	107,999	1,273,667
<b>Total</b>	<b>3,405,695</b>	<b>2,872,114</b>	<b>3,227,835</b>	<b>1,982,813</b>	<b>3,049,975</b>	<b>2,872,114</b>	<b>2,516,394</b>	<b>3,227,835</b>	<b>3,405,695</b>	<b>26,560,470</b>

### JOB PLACEMENT

WTCS gathers job placement data by annually surveying all credential completers six months after graduation. While not all graduates choose to answer the survey,

approximately two-thirds of all graduates do respond to the survey's standardized questions.

Among 2016 graduates, 93 percent of respondents in the workforce were employed, of which 79 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 18 years. Technical college graduates overwhelmingly stay to work and live in Wisconsin, with 93 percent of 2015-16 graduates employed in the state.

As shown in Table 2, between 65.9 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**

	<b>Graduates Employed</b>	<b>Graduates Employed in Related Fields</b>	<b>Percentage Employed in Related Fields</b>
Blackhawk	703	562	79.9%
Chippewa Valley	2,259	1,900	84.1%
Fox Valley	3,866	3,169	82.0%
Gateway	2,899	2,243	77.4%
Lakeshore	1,387	1,035	74.6%
Madison Area	4,616	3,352	72.6%
Mid-State	1,188	959	80.7%
Milwaukee Area	3,679	2,641	71.8%
Moraine Park	1,173	955	81.4%
Nicolet	713	470	65.9%
Northcentral	1,934	1,555	80.4%
Northeast Wisconsin	3,227	2,539	78.7%
Southwest Tech	1,181	969	82.0%
Waukesha County	2,058	1,604	77.9%
Western	1,596	1,305	81.8%
Wisconsin Indianhead	2,707	2,081	76.9%
<b>Statewide</b>	<b>35,186</b>	<b>27,339</b>	<b>77.7%</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 technical colleges' occupational training.

DWD releases its ten-year labor market projections every other year. Since the metric for graduates in high-demand fields is a three-year rolling average, two sets of DWD's ten-year labor market projections are used: 2010-2020 and 2012-2022. High-demand occupations included: nurses and related health professionals, truck drivers, welders, machinists, carpenters, accountants/auditors, and computer systems analysts.

Over the past three years, almost two-thirds of Wisconsin technical college graduates are in high-demand fields. This is the result of the longstanding practices of the technical colleges to participate in meaningful, ongoing engagement with local employers and information from local labor market analyses. Such efforts influence and inform every technical college program, including its capacity, curriculum, equipment and skillsets.

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 55,000 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	1,541	2,125	72.5%
Chippewa Valley	4,151	5,952	69.7%
Fox Valley	5,681	8,900	63.8%
Gateway	4,406	5,932	74.3%
Lakeshore	1,998	2,959	67.5%
Madison Area	5,510	9,820	56.1%
Mid-State	1,995	2,781	71.7%
Milwaukee Area	4,546	8,400	54.1%
Moraine Park	2,353	3,399	69.2%
Nicolet	1,187	1,641	72.3%
Northcentral	3,339	5,895	56.6%
Northeast Wisconsin	5,513	8,024	68.7%
Southwest Tech	1,656	2,281	72.6%
Waukesha County	3,959	5,790	68.4%
Western	3,251	4,579	71.0%
Wisconsin Indianhead	4,305	6,290	68.4%
<b>Statewide</b>	<b>55,391</b>	<b>84,768</b>	<b>65.3%</b>

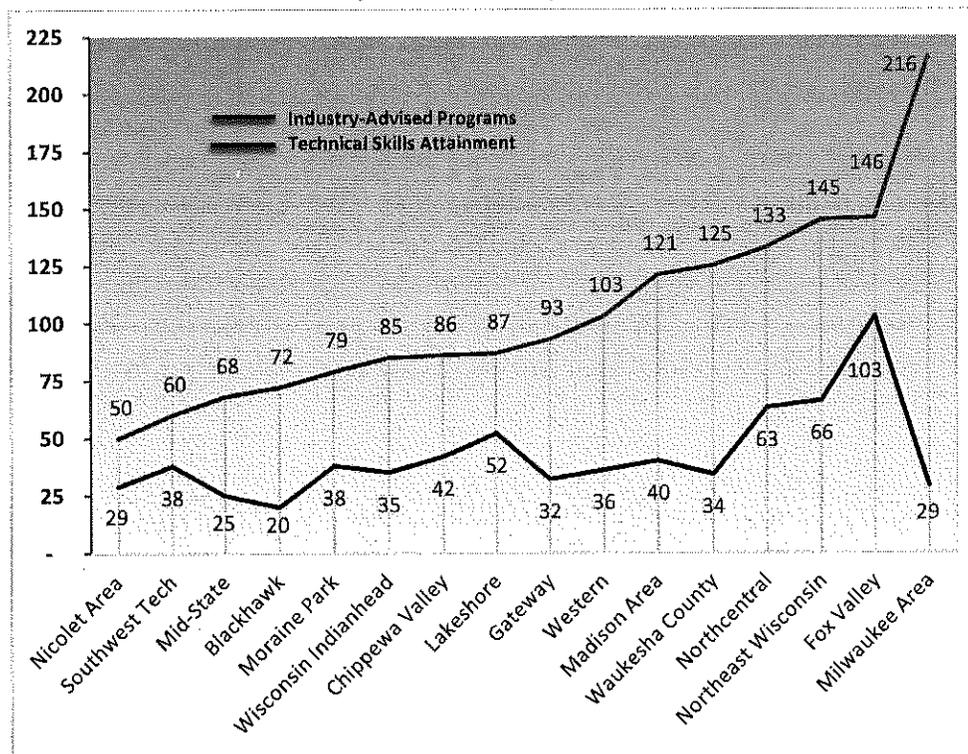
Funds are distributed based on each college's proportionate share of the total number of degrees and certificates awarded in high-demand fields statewide.

## 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 in 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 1: Industry-Validated Programs and TSAs, 2016-17



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.

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 18,000 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 the following year.

**TABLE 4: Transitions from Adult Basic to Postsecondary Education**

	<b>3-Year Total</b>
Blackhawk	731
Chippewa Valley	132
Fox Valley	413
Gateway	2,155
Lakeshore	551
Madison Area	3,657
Mid-State	361
Milwaukee Area	3,658
Moraine Park	884
Nicolet	577
Northcentral	1,599
Northeast Wisconsin	734
Southwest Tech	370
Waukesha County	515
Western	870
Wisconsin Indianhead	593
<b>Statewide</b>	<b>17,800</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 the 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 students demonstrate on standardized pre- and post-tests.

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

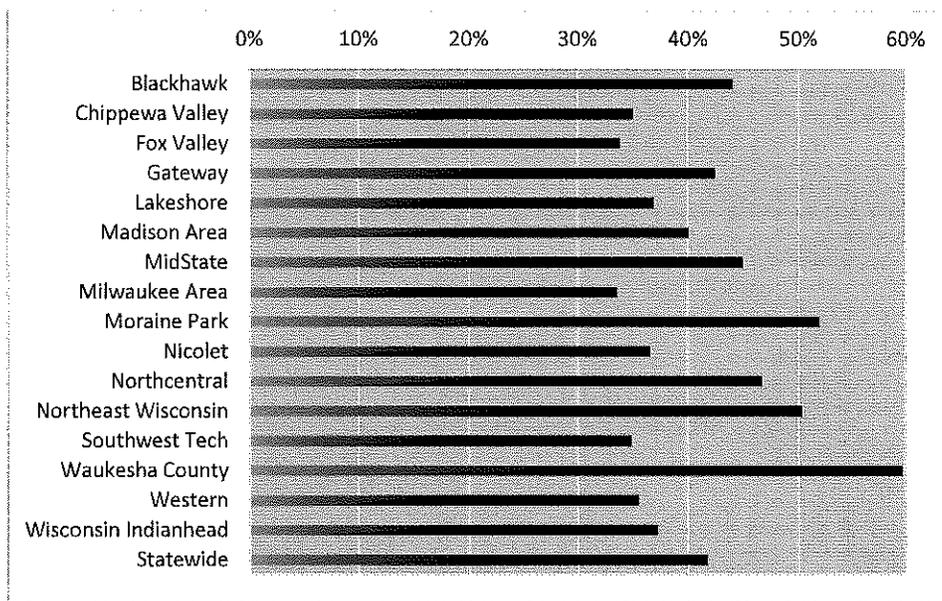
More than 80,000 students took advantage of ABE services at technical colleges over the past three years. To facilitate access to Wisconsin's technical colleges and to promote these statewide interests, ABE services by law must be provided tuition-free.

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

	Number of Students
Blackhawk	2,663
Chippewa Valley	1,128
Fox Valley	4,344
Gateway	8,485
Lakeshore	3,374
Madison Area	12,097
Mid-State	1,719
Milwaukee Area	20,953
Moraine Park	4,168
Nicolet	1,421
Northcentral	5,026
Northeast Wisconsin	4,715
Southwest Tech	1,120
Waukesha County	3,567
Western	3,397
Wisconsin Indianhead	2,661
<b>Statewide</b>	<b>80,838</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 2, the average success rates varied by college on this measure, from 33.5 to 59.7 percent.

**FIGURE 2: 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

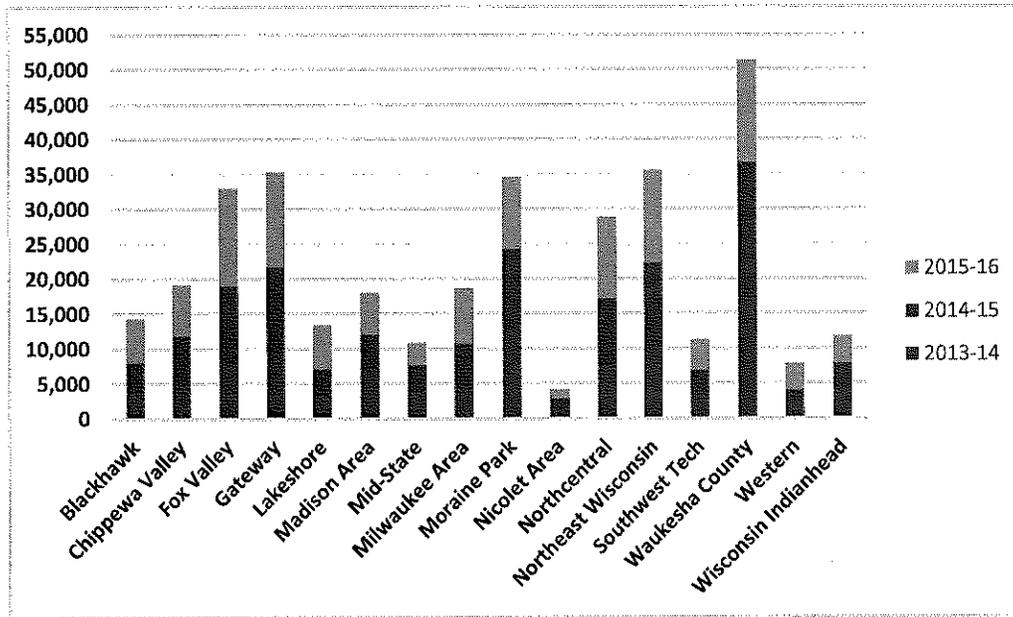
Wisconsin's technical colleges have provided college credit to high school students for more than 20 years, under a variety of programs designed to maximize access and minimize costs to students and their school districts.

The most popular and fastest growing of these is known as "transcribed 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 3 shows the number of dual enrollment credits issued by colleges, over the three years, used to calculate outcomes-based funding for 2017-18.

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.

**FIGURE 3: Credits Awarded Under Dual Enrollment**



Total statewide dual enrollment credits earned by high school students at Wisconsin's technical colleges increased from 103,222 in 2013-14 to 127,250 in 2015-16 — an increase of over 23 percent in three years. Thanks to WTCS dual enrollment programs, more than 32,000 Wisconsin 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.

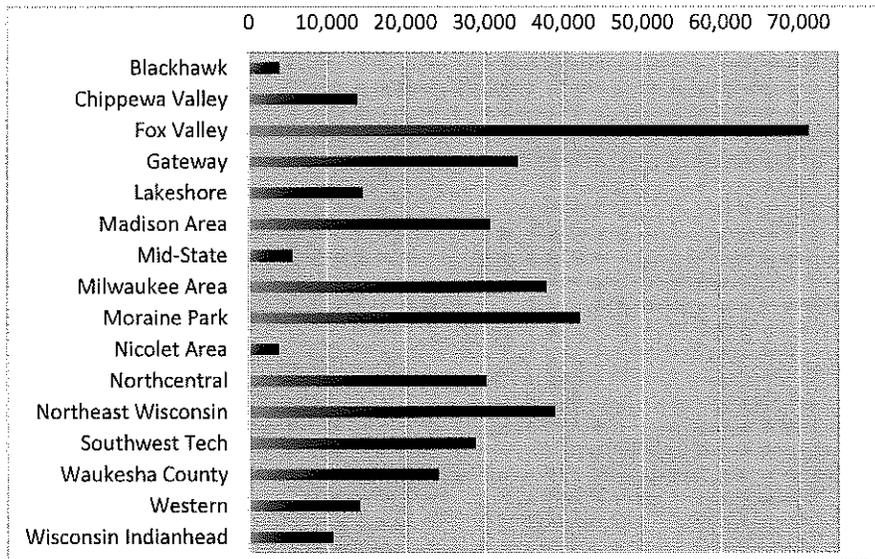
## WORKFORCE TRAINING

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.

WTCS-delivered customized training helps businesses increase their efficiency, productivity and worker safety. For employees, it allows them to improve their employability and earning potential. Technical colleges provide workforce training for

more than 5,000 employers each year, including businesses of every size and representing every industry in the state. WTCS-delivered workforce training credits have increased 10 percent in the last three years from 128,377 credits in 2013-14 to 141,420 credits in 2015-16. As shown in Figure 4, the level of activity in this area varies by college: from approximately 3,600 to over 71,000 of workforce credits earned over the three years.

**FIGURE 4: 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 13 years ago, DMI has saved taxpayers over

\$14 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: 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	22,905	4,557	4,306	305	378	85	788
Chippewa Valley	44,186	7,606	3,368	518	48	132	1,095
Fox Valley	136,137	10,737	16,898	1,158	1,826	624	1,807
Gateway	58,476	11,929	19,210	871	811	432	2,664
Lakeshore	36,131	3,145	4,222	241	646	395	663
Madison Area	108,470	15,141	24,130	1,428	1,026	962	3,983
Mid-State	21,953	5,313	1,879	293	368	257	1,632
Milwaukee Area	109,535	26,006	59,302	1,340	724	793	4,256
Moraine Park	50,006	4,021	6,348	320	4,650	421	1,953
Nicolet	19,920	2,199	1,514	124	150	90	571
Northcentral	53,754	7,510	5,398	433	2,390	638	1,483
Northeast WI	107,366	12,522	13,196	1,016	1,341	545	2,555
Southwest Tech	27,815	2,201	1,628	97	567	146	1,412
Waukesha Cnty.	66,684	6,345	10,537	724	703	278	2,018
Western	33,849	5,887	4,298	569	1,221	226	1,773
WI Indianhead	59,532	4,377	3,569	315	468	273	1,124
<b>Statewide</b>	<b>956,719</b>	<b>129,496</b>	<b>179,803</b>	<b>9,752</b>	<b>17,317</b>	<b>6297</b>	<b>29,777</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.

## **CONCLUSION**

Statewide statistics only tell part of the story. Behind these many positive statewide outcomes is the day-to-day dedication of WTCS presidents, administrators, instructors and staff who work collaboratively to align their respective institutions with these important outcomes and help create Wisconsin's 21<sup>st</sup> century workforce.

