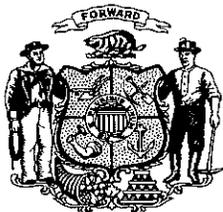


STATE OF WISCONSIN

SENATE CHAIR
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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: September 20, 2018

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

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PO Box 7874
Madison, Wisconsin 53707-7874
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SEP 20 2018
JF. Finance

September 13, 2018

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

Dear Senator Darling and Representative Nygren:

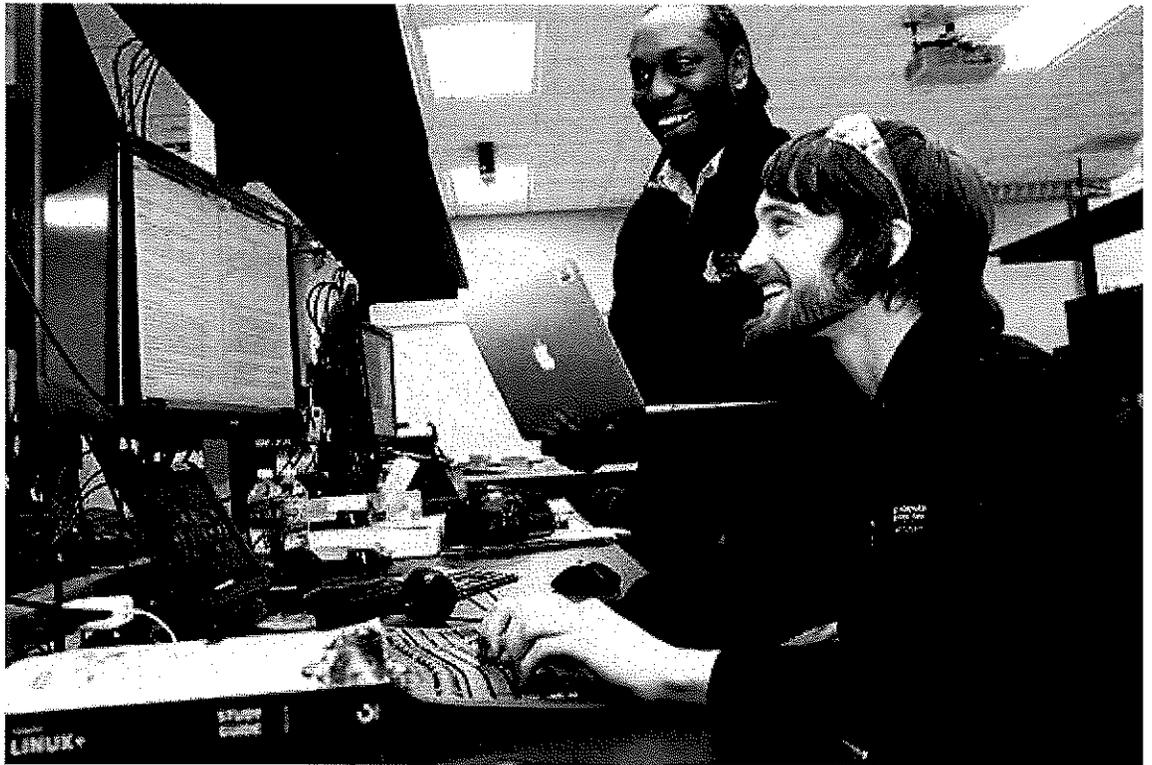
I am pleased to share with you the attached report in compliance with section 38.28 (2) (be) (3) of the Wisconsin statutes. This provision requires the Wisconsin Technical College System (WTCS) to submit an annual report regarding Outcomes-Based Funding. The report is to be submitted to the Joint Committee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

2018-19 report of the
Wisconsin Technical College System

August 2018

EXECUTIVE SUMMARY

The Wisconsin Technical College System (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 fifth 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 rose from 78 percent in 2014-15 to over 79 percent in 2016-17.
- The number of degrees awarded in high-demand fields increased 15 percent from 2014-15 to 2016-17.
- The number of programs with technical skills attainment assessment has jumped 84 percent between 2014-15 and 2016-17.
- The number of dual enrollment credits awarded to Wisconsin high school students grew by 28 percent from 2014-15 to 2016-17.
- The number of workforce training credits awarded to employees of Wisconsin businesses increased 23 percent from 2014-15 to 2016-17.
- The number of credits awarded to students prior learning increased by 25 percent from 2014-15 to 2016-17.



BACKGROUND

As authorized under 2013 Act 20 (the 2013-15 biennial budget), the 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 in jobs related to students' programs of study;
- 2) number of degrees and certificates awarded in high-demand fields;
- 3) number of 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;

WTCS has incorporated a tenth criteria into the funding model and will distribute funding based on the colleges' outcomes for this criteria beginning with the 2018-19 distribution:

- 10) number of credits awarded to students for relevant education experience or training, including skills and training received during military service.

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 ten statutory criteria for use in the funding allocations.

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

Allocation of Funds among Criteria

Each year, 25 percent of the total outcomes-based funding is divided equally among the ten statutorily defined outcomes criteria as the base allocation for each criterion. The remaining 75 percent of outcomes-based funding is then distributed among all criteria proportionately, based on the number of colleges selecting each criterion.

2018-19 OUTCOMES FUNDING

TABLE 1: Distribution of 2018-19 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	Criteria 10: Credit for Prior Learning	College Total
Blackhawk	145,654	-	133,292	96,948	187,659	149,685	-	159,277	163,312	-	1,035,827
Chippewa Valley	271,576	265,443	196,013	-	-	193,680	117,533	217,744	-	124,403	1,386,392
Fox Valley	340,175	346,964	370,526	-	-	336,360	531,280	289,206	-	433,297	2,647,807
Gateway	-	272,887	-	268,228	270,253	310,464	213,948	-	284,414	300,444	1,920,639
Lakeshore	185,813	122,493	208,645	-	160,877	127,778	-	162,434	149,020	-	1,117,060
Madison Area	353,879	330,563	-	547,052	351,862	-	-	371,550	347,754	284,796	2,587,455
Mid-State	187,457	124,006	147,634	-	143,018	-	-	163,602	222,138	79,649	1,067,504
Milwaukee Area	-	-	403,922	645,582	536,588	-	287,829	405,043	449,985	432,201	3,161,150
Moraine Park	-	-	-	146,924	236,243	249,791	289,014	190,283	283,078	210,937	1,606,271
Nicolet	130,441	70,204	119,173	79,393	122,191	-	-	135,438	112,605	-	769,444
Northcentral	-	-	284,403	233,118	232,807	269,263	245,705	206,116	242,956	-	1,714,368
Northeast Wisconsin	321,969	344,301	315,882	-	-	329,882	262,788	287,686	258,965	-	2,121,474
Southwest Wisconsin	189,208	-	150,650	-	-	107,057	138,797	152,179	134,261	108,598	980,749
Waukesha County	223,574	252,915	246,499	-	220,511	368,655	-	218,771	-	290,429	1,821,354
Western	202,685	209,098	211,685	135,537	164,881	-	-	200,048	241,102	-	1,365,036
Wisconsin Indianhead	245,905	281,602	187,872	111,972	171,445	-	-	172,538	86,606	-	1,257,940
Total	2,798,335	2,620,475	2,976,196	2,264,754	2,798,335	2,442,615	2,086,894	3,331,916	2,976,196	2,264,754	26,560,470

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

Among 2017 graduates, 94 percent of respondents were employed. 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 94 percent of 2016-17 graduates who reported location are employed in the state.

As shown in the Table below, 79 percent of employed graduates report being employed in jobs related to their specific programs of study within six months of completing a technical college program. These high levels of employment and employment related to their specific programs of study 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	539	424	78.7%
Chippewa Valley	2,424	2,091	86.3%
Fox Valley	3,751	3,142	83.8%
Gateway	2,699	2,152	79.7%
Lakeshore	1,304	1,019	78.1%
Madison Area	4,859	3,565	73.4%
Mid-State	1,240	996	80.3%
Milwaukee Area	3,560	2,598	73.0%
Moraine Park	1,120	928	82.9%
Nicolet	592	409	69.1%
Northcentral	1,912	1,558	81.5%
Northeast Wisconsin	3,818	2,993	78.4%
Southwest Wisconsin	1,169	968	82.8%
Waukesha County	2,029	1,577	77.7%
Western	1,534	1,226	79.9%
Wisconsin Indianhead	2,526	1,930	76.4%
Statewide	35,076	27,576	78.6%

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 technical colleges' occupational training.

Examples of high-demand occupations for 2016-17 include: nurses and related health care professionals, truck drivers, welders, machinists, carpenters, first-line supervisors, accountants/auditors, and computer systems analysts.

Over the past three years, over 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 86,000 degrees and credentials for Wisconsin'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	1,371	1,923	71.3%
Chippewa Valley	4,386	6,326	69.3%
Fox Valley	5,733	9,372	61.2%
Gateway	4,509	5,460	82.6%
Lakeshore	2,024	2,913	69.5%
Madison Area	5,462	9,817	55.6%
Mid-State	2,049	2,831	72.4%
Milwaukee Area	4,839	8,246	58.7%
Moraine Park	2,716	3,565	76.2%
Nicolet	1,160	1,675	69.3%
Northcentral	3,588	6,231	57.6%
Northeast Wisconsin	5,689	8,109	70.2%
Southwest Wisconsin	1,584	2,223	71.3%
Waukesha County	4,179	6,183	67.6%
Western	3,455	4,833	71.5%
Wisconsin Indianhead	4,653	6,346	73.3%
Statewide	57,397	86,053	66.7%

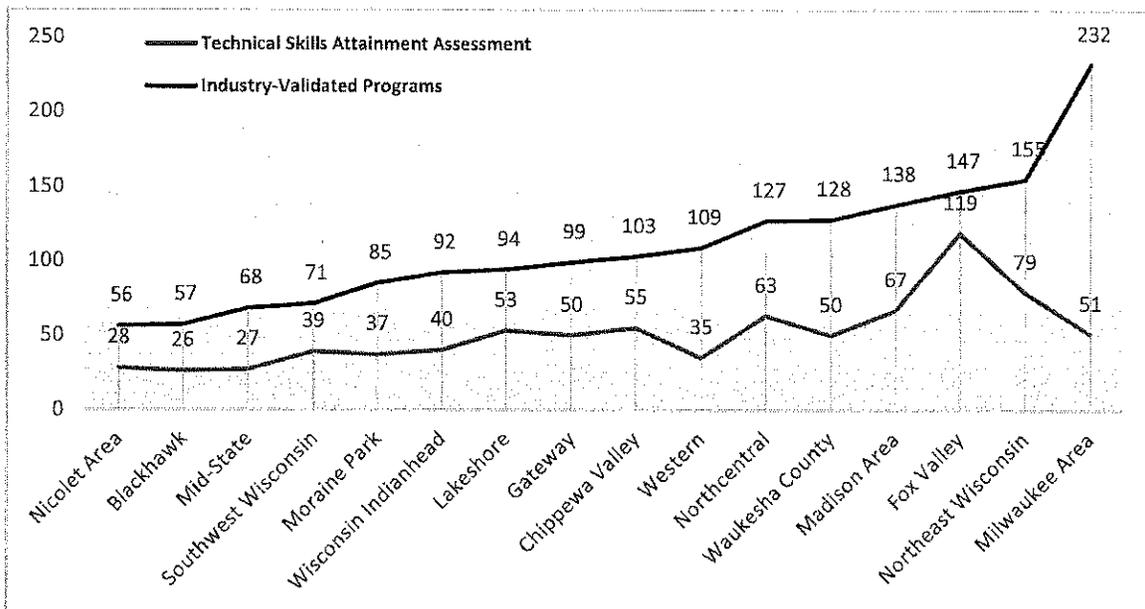
Funds are distributed based on each college's proportionate share of the total number of degrees and certificates awarded in high-demand fields statewide.

INDUSTRY-VALIDATED CURRICULUM

Industry-validated curriculum is defined in two ways, as active industry advised programs and Technical Skills Attainment (TSA). Industry-validated curriculum are technical college degree and certificate programs which have enrolled students and advisory committees comprised of local employers and employees in the relevant occupation. The advisory committees provide input on equipment, course materials, instructional methods and career guidance counseling to ensure relevance to current industry practiced standards.

Technical Skill Attainment 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's 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 over 17,000 students transition out of basic education and successfully complete postsecondary work.

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: 3-Year Total, Transitions from Adult Basic to Postsecondary Education

	3-Year Total
Blackhawk	613
Chippewa Valley	127
Fox Valley	436
Gateway	1,696
Lakeshore	536
Madison Area	3,459
Mid-State	316
Milwaukee Area	4,082
Moraine Park	929
Nicolet	502
Northcentral	1,474
Northeast Wisconsin	523
Southwest Wisconsin	419
Waukesha County	449
Western	857
Wisconsin Indianhead	708
Statewide	17,126

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

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.

As shown in Table 5, more than 76,000 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, state law requires ABE services must be provided tuition-free.)

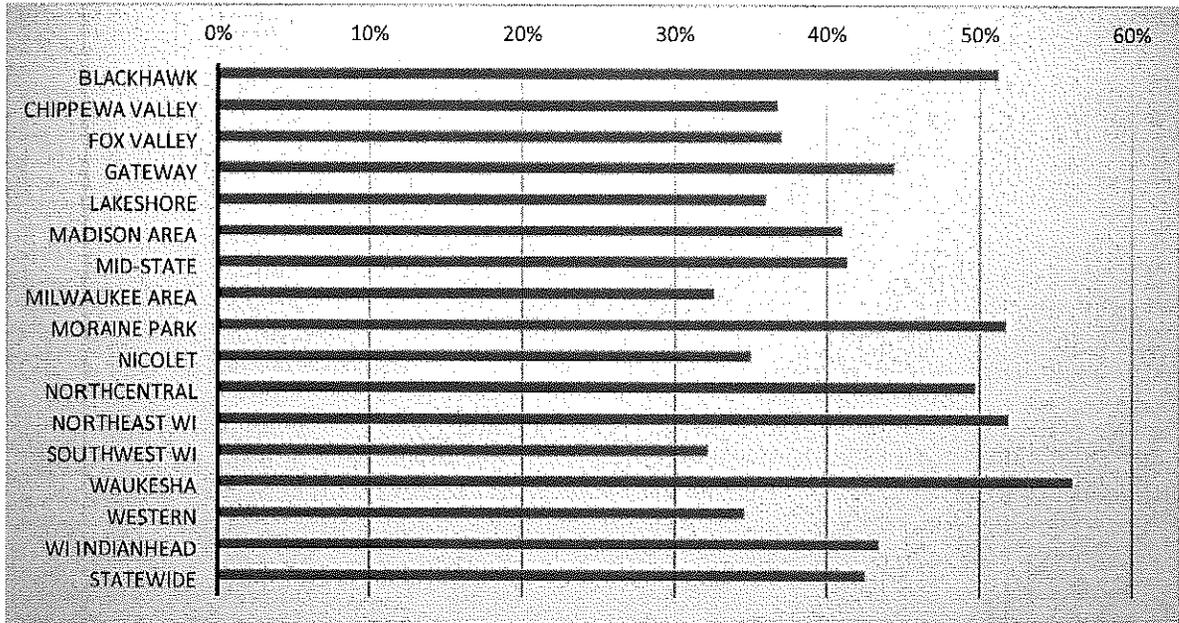
TABLE 5: 3-Year Total, Adult Basic Education Students

	Number of Students
Blackhawk	2,313
Chippewa Valley	1,057
Fox Valley	4,732
Gateway	7,060
Lakeshore	2,989
Madison Area	11,336
Mid-State	1,466
Milwaukee Area	21,094
Moraine Park	4,531
Nicolet	1,295
Northcentral	4,630
Northeast Wisconsin	3,908
Southwest Wisconsin	1,141
Waukesha County	3,238
Western	3,348
Wisconsin Indianhead	2,536
Statewide	76,674

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.

Figure 2 shows the average ABE student success rates by college.

FIGURE 2: 3-Year Success Rate: ABE Students Demonstrating Educational Gains



Funds are distributed based on two factors. Fifty percent of funding is distributed 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 distributed 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

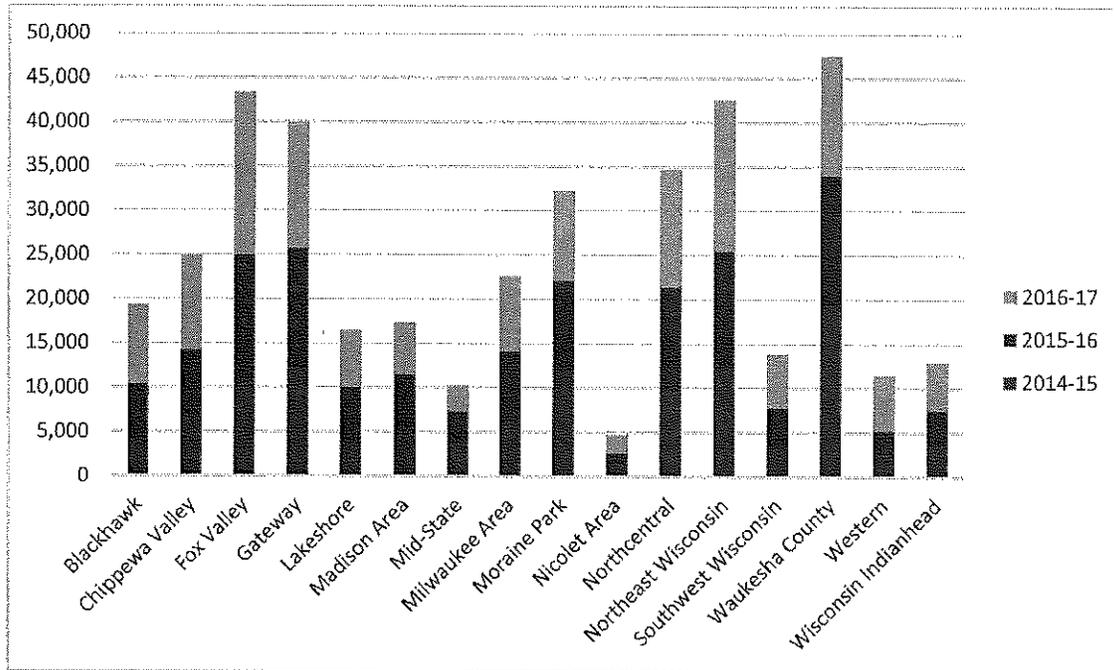
Wisconsin's technical colleges have provided college credit to high school students for more than 20 years, under a variety of programs designed to maximize access and minimize costs to students and their school districts.

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.

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 shows the number of dual enrollment credits issued by colleges, over the three years.

FIGURE 3: Credits Awarded Under Dual Enrollment



Total statewide dual enrollment credits earned by high school students at Wisconsin's technical colleges increased from 117,203 in 2014-15 to 149,673 in 2016-17 — an increase of 28 percent in three years. Thanks to WTCS dual enrollment programs, more than 37,000 Wisconsin high school students get a head start on college each year.

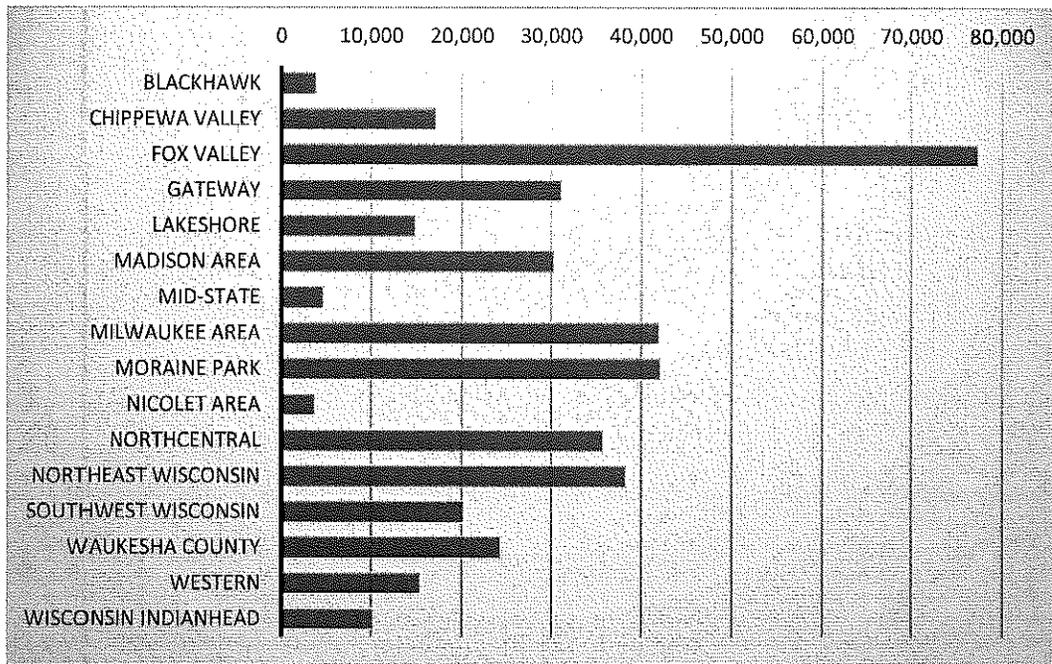
Funds are distributed based on each college's proportionate share of statewide credits earned in all types of dual enrollment offerings, which include transcribed credit, advanced standing (reported once the student enrolls at a technical college, post-high school), and Youth Apprenticeship, Youth Options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

WORKFORCE TRAINING

Wisconsin's technical colleges are an integral component of employer success across the state: as the premier providers of customized business solutions; apprenticeship-related classroom instruction; on-site training; and professional development, including APICS and supply chain, Lean Six Sigma, health care and human services, sustainability, continuous improvement, project management, leadership development, 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 in every industry in the state. As shown in Figure 4, WTCS-delivered over 135,724 workforce training credits in 2016-17.

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 these criteria, a college must maintain membership in the following collaborative partnerships:

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

SPECIAL POPULATIONS

The special populations 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	22,167	3,993	3,995	294	345	59	656
Chippewa Valley	46,149	6,998	3,734	489	191	121	1,063
Fox Valley	138,553	9,325	18,957	1,139	2,133	420	1,951
Gateway	57,214	10,234	18,425	788	649	328	2,585
Lakeshore	34,125	3,050	4,264	235	528	243	591
Madison Area	105,222	13,901	23,802	1,358	983	755	3,949
Mid-State	21,359	5,008	1,932	267	344	190	1,528
Milwaukee Area	105,619	28,175	57,065	1,205	682	729	4,043
Moraine Park	51,570	3,709	7,109	334	4,947	322	2,177
Nicolet	18,817	1,794	1,532	113	183	79	610
Northcentral	55,234	6,911	5,246	413	2,365	386	1,435
Northeast WI	99,707	11,626	13,541	1,004	1,139	381	2,667
Southwest WI	24,382	2,113	1,446	105	455	94	1,351
Waukesha Cnty.	65,229	5,613	10,748	722	771	306	2,017
Western	33,403	5,572	4,499	579	1,461	168	1,873
WI Indianhead	59,032	4,083	3,484	303	387	157	1,038
Statewide	937,782	122,105	179,779	9,348	17,563	4738	29,534

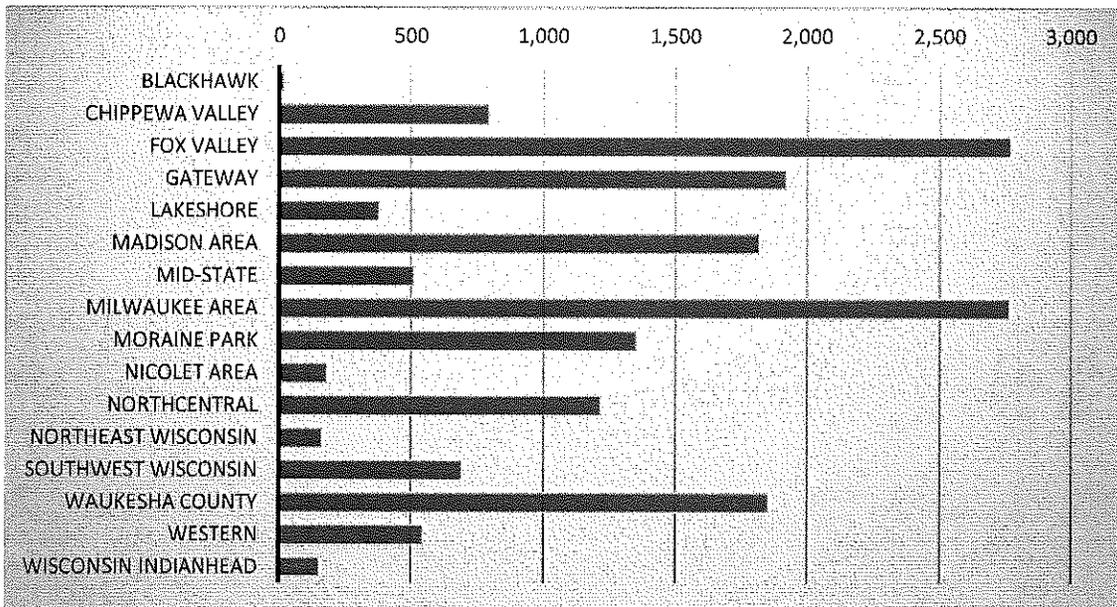
Half of available funds for these criteria are distributed based on each college's proportionate share of the six special populations: students of color, Pell Grant recipients, military veterans, incarcerated individuals, dislocated workers and persons with disabilities. The remainder is distributed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

Credits Awarded for Relevant Educational Experience or Training

Wisconsin's technical colleges provide students with the opportunity to shorten their time to a credential by demonstrating their knowledge and skills they have gained outside the classroom.

Wisconsin's technical colleges award credits for relevant educational experience or training not obtained through an institution of higher education, including skills training received through military training. The colleges increased credits awarded for relevant educational experience and training in this category by 42 percent from 4,808 to 6,834 over the last three years.

FIGURE 5: 3-Year Total, Credits Awarded for Relevant Educational Experience or Training



Funds are distributed based on each college's credits awarded to students who successfully demonstrated relevant educational experience or training skills not obtained through an institution of higher education, but acquired through military and work experience, as well as other learning acquired outside traditional academic institutions.