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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: October 7, 2019

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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OCT 07 2019
J.F. Finance

October 7, 2019

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

Wisconsin Technical College System

October 2019

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 sixth 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 number of degrees awarded in high-demand fields increased 7 percent from 2015-16 to 2017-18.
- The number of programs with technical skills attainment assessment expanded by over 55 percent between 2015-16 and 2017-18.
- The number of dual enrollment credits awarded to Wisconsin high school students grew by 49 percent from 2015-16 to 2017-18.
- The number of workforce training credits awarded to employees of Wisconsin businesses increased 7 percent from 2015-16 to 2017-18.
- The number of incarcerated students who received education or training increased by over 2 percent from 2015-16 to 2017-19.
- The number of credits awarded to students for prior education and training increased by 55 percent from 2015-16 to 2017-18.

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.

2019-20 OUTCOMES FUNDING

TABLE 1: Distribution of 2019-20 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	170,721	-	145,067	114,700	216,493	180,396	-	183,983	166,257	-	1,177,617
Chippewa Valley	302,429	295,437	250,841	-	-	263,972	157,711	256,274	-	193,747	1,720,412
Fox Valley	378,401	405,449	405,625	-	-	426,227	623,697	333,586	-	457,162	3,030,147
Gateway	290,679	286,275	-	-	297,081	388,722	231,635	-	304,276	231,547	2,030,214
Lakeshore	203,588	147,943	231,371	-	188,207	143,079	-	188,124	171,922	-	1,274,233
Madison Area	397,517	381,166	-	647,252	407,825	-	-	423,837	403,266	299,350	2,960,213
Mid-State	216,317	126,350	162,801	-	151,265	-	-	187,595	248,835	157,981	1,251,145
Milwaukee Area	-	-	460,163	786,212	606,709	-	341,764	452,676	479,587	558,358	3,685,469
Moraine Park	-	-	-	191,944	294,180	231,839	353,312	220,697	327,372	239,175	1,858,519
Nicolet	147,705	73,042	135,602	93,158	149,928	-	-	155,993	131,728	-	887,156
Northcentral	-	258,724	314,526	260,841	266,082	325,489	300,376	-	-	256,465	1,982,503
Northeast Wisconsin	377,237	382,960	372,652	-	-	452,511	281,032	333,189	285,580	-	2,485,160
Southwest Wisconsin	209,038	-	179,937	-	-	136,175	102,970	176,693	145,728	172,220	1,122,761
Waukesha County	-	281,662	275,378	-	-	331,656	192,013	253,382	247,222	261,042	1,842,354
Western	229,435	233,159	245,009	172,536	-	-	-	233,616	281,651	163,405	1,558,812
Wisconsin Indianhead	270,358	321,258	217,424	114,894	209,712	110,387	-	199,721	-	-	1,443,755
Total	3,193,425	3,193,425	3,396,396	2,381,537	2,787,481	2,990,453	2,584,509	3,599,368	3,193,425	2,990,453	30,310,470

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, 64% of 2018 graduates responded to the survey's standardized questions.

Among 2018 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 2018 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	475	398	83.8%
Chippewa Valley	2,318	2,011	86.8%
Fox Valley	3,726	3,070	82.4%
Gateway	2,469	1,991	80.6%
Lakeshore	1,202	938	78.0%
Madison Area	4,815	3,513	73.0%
Mid-State	1,197	994	83.0%
Milwaukee Area	3,378	2,486	73.6%
Moraine Park	1,043	860	82.5%
Nicolet	428	316	73.8%
Northcentral	1,828	1,510	82.6%
Northeast Wisconsin	3,940	3,122	79.2%
Southwest Wisconsin	1,146	934	81.5%
Waukesha County	1,848	1,451	78.5%
Western	1,453	1,188	81.8%
Wisconsin Indianhead	2,438	1,841	75.5%
Statewide	33,704	26,623	79.0%

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 2017-18 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 60,000 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	1,201	1,710	70.2%
Chippewa Valley	4,611	6,726	68.6%
Fox Valley	6,328	9,860	64.2%
Gateway	4,468	5,267	84.8%
Lakeshore	2,309	2,988	77.3%
Madison Area	5,949	10,371	57.4%
Mid-State	1,972	2,655	74.3%
Milwaukee Area	5,027	8,141	61.7%
Moraine Park	2,930	3,767	77.8%
Nicolet	1,140	1,569	72.7%
Northcentral	4,038	5,691	71.0%
Northeast Wisconsin	5,977	8,335	71.7%
Southwest Wisconsin	1,627	2,244	72.5%
Waukesha County	4,396	6,410	68.6%
Western	3,639	5,012	72.6%
Wisconsin Indianhead	5,014	6,164	81.3%
Statewide	60,626	86,910	69.8%

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.

Table 4: Industry-Validated Programs and TSAs, 2017-18

	Industry-Validated Programs	Technical Skills Attainment Assessment
Blackhawk	59	36
Chippewa Valley	117	73
Fox Valley	149	131
Gateway	106	62
Lakeshore	93	64
Madison Area	152	88
Mid-State	75	40
Milwaukee Area	212	86
Moraine Park	91	42
Nicolet	58	37
Northcentral	138	66
Northeast Wisconsin	157	104
Southwest Wisconsin	79	59
Waukesha County	105	70
Western	116	52
Wisconsin Indianhead	102	52
Statewide	1,809	1,062

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 16,000 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 5: 3-Year Total, Transitions from Adult Basic to Postsecondary Education

	3-Year Total
Blackhawk	591
Chippewa Valley	269
Fox Valley	436
Gateway	1,093
Lakeshore	405
Madison Area	3,335
Mid-State	261
Milwaukee Area	4,051
Moraine Park	989
Nicolet	480
Northcentral	1,344
Northeast Wisconsin	408
Southwest Wisconsin	423
Waukesha County	486
Western	889
Wisconsin Indianhead	592
Statewide	16,052

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 73,000 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.)

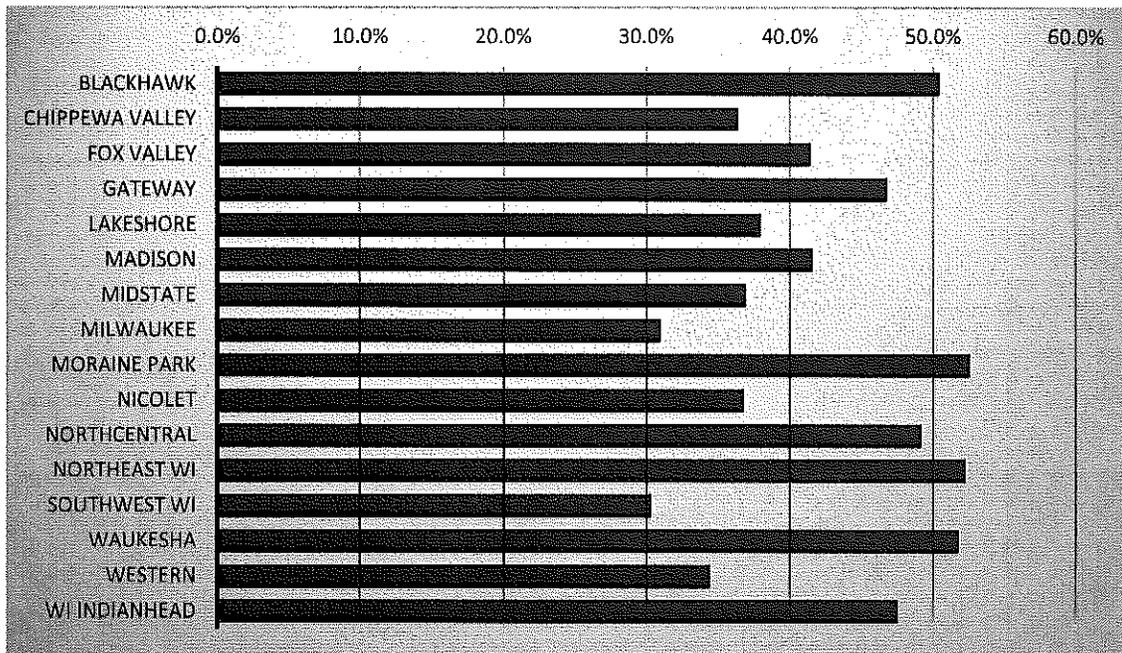
TABLE 6: 3-Year Total, Adult Basic Education Students

	Number of Students
Blackhawk	2,153
Chippewa Valley	1,193
Fox Valley	4,839
Gateway	5,898
Lakeshore	2,647
Madison Area	11,053
Mid-State	1,283
Milwaukee Area	20,482
Moraine Park	5,015
Nicolet	1,249
Northcentral	4,324
Northeast Wisconsin	3,343
Southwest Wisconsin	1,125
Waukesha County	3,114
Western	3,398
Wisconsin Indianhead	2,263
Statewide	73,379

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 1 shows the average ABE student success rates by college.

FIGURE 1: 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

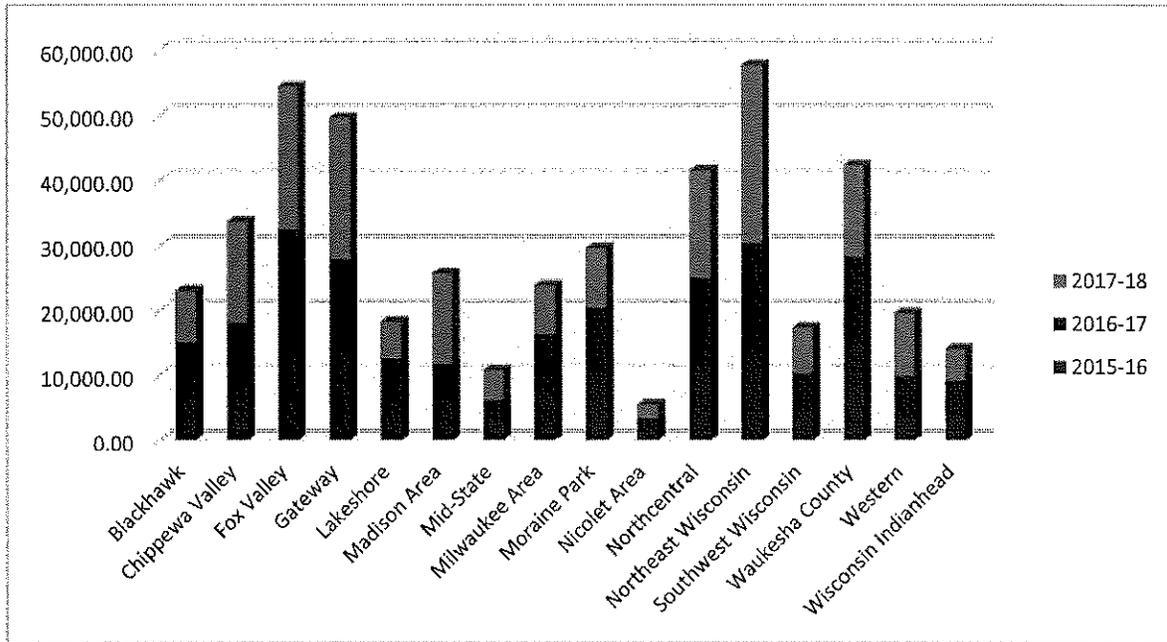
Wisconsin's technical colleges have provided college credit to high school students for more than 20 years, under a variety of programs designed to maximize access and minimize costs to students and their school districts.

The most popular and fastest growing of these is known as "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.

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

FIGURE 2: Credits Awarded Under Dual Enrollment



Total statewide dual enrollment credits earned by high school students at Wisconsin’s technical colleges increased from 127,250 in 2015-16 to 190,064 in 2017-18 — an increase of 49 percent in three years. Thanks to WTCS dual enrollment programs, more than 46,000 Wisconsin high school students get a head start on college each year.

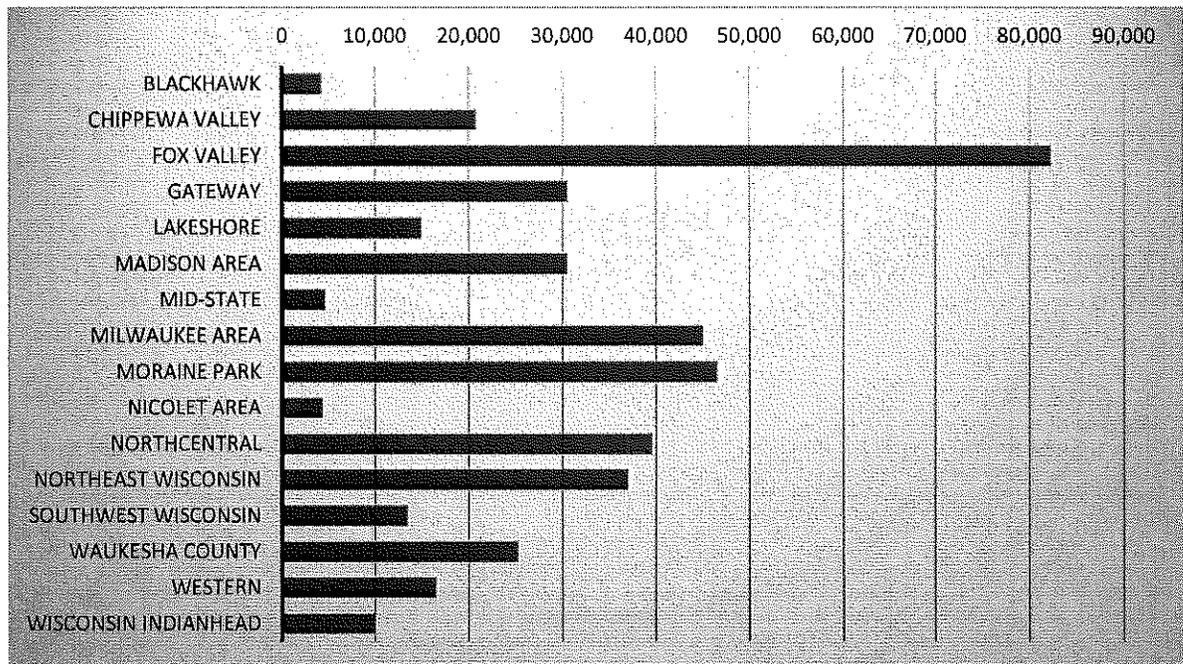
Funds are distributed based on each college’s proportionate share of statewide credits earned in all types of dual enrollment offerings, which include transcribed credit, advanced standing (reported once the student enrolls at a technical college, post-high school), and Youth Apprenticeship, Start College Now (Formerly known as 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 3, WTCS-delivered 426,000 workforce training credits over the last three years.

FIGURE 3: 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 close to \$17 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 7: 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	23,040	3,677	3,837	262	319	46	659
Chippewa Valley	50,797	6,541	4,350	496	302	68	1,110
Fox Valley	147,321	8,132	21,079	1,111	2,288	310	1,925
Gateway	59,387	9,115	19,024	723	530	258	2,501
Lakeshore	34,022	2,965	4,550	251	469	167	577
Madison Area	104,962	13,037	24,247	1,334	851	629	3,804
Mid-State	21,749	4,446	2,059	262	337	120	1,340
Milwaukee Area	102,636	25,419	55,138	1,099	733	469	3,840
Moraine Park	53,175	3,468	7,887	329	5,445	215	2,379
Nicolet	17,780	1,594	1,562	101	200	72	593
Northcentral	57,278	6,197	5,175	409	2,270	270	1,367
Northeast WI	94,259	10,950	14,068	991	995	281	2,771
Southwest WI	23,198	2,043	1,452	109	427	68	1,322
Waukesha County	64,158	4,992	10,900	704	748	303	1,844
Western	35,179	5,310	4,926	579	1,807	136	2,043
WI Indianhead	59,664	4,074	3,530	291	339	116	1,090
Statewide	948,605	111,960	183,784	9,051	18,060	3,528	29,165

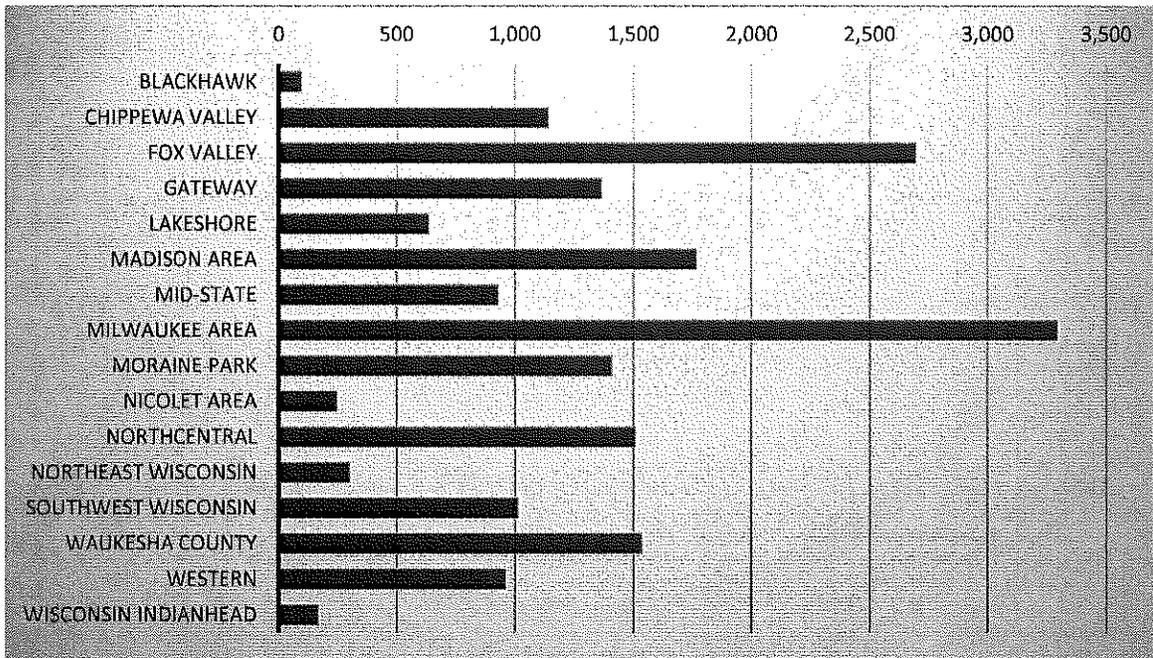
Half of available funds for these criteria are distributed based on each college’s proportionate share of the six special populations: students of color, Pell Grant recipients, military veterans, incarcerated individuals, dislocated workers and persons with disabilities. The remainder is distributed 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 55 percent from 4,808 in 2015-16 to 7,460 in 2017-18.

FIGURE 4: 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.