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JOINT COMMITTEE ON FINANCE

MEMORANDUM

To: Members
Joint Committee on Finance

From: Senator Alberta Darling
Representative John Nygren

Date: September 1, 2020

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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September 1, 2020

SEP 01 2020
J. 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,

Dr. Morna K. Foy
President

Cc: Joe Malkasian, JFC Committee Clerk
Bob Lang, Legislative Fiscal Bureau



Outcomes-Based Funding

2019-20 report of the
Wisconsin Technical College System

September 2020

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 seventh 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 2016-17 to 2018-19.
- The number of programs with technical skills attainment assessment expanded by over 43 percent between 2016-17 and 2018-19.
- The number of dual enrollment credits awarded to Wisconsin high school students grew by 45 percent from 2016-17 to 2018-19.
- The number of workforce training credits awarded to employees of Wisconsin businesses increased 12 percent from 2016-17 to 2017-18.
- The total number of minority students who received education or training increased by 7 percent from 2016-17 to 2018-19.
- The number of credits awarded to students for prior education and training increased by 38 percent from 2016-17 to 2018-19.



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;
- 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 30 percent of general state aid funding;
- 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 2020-21 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	181,631	-	130,649	133,727	210,047	180,422	-	182,311	168,605	-	1,187,393
Chippewa Valley	307,886	301,312	267,728	-	-	303,100	162,564	257,581	-	251,496	1,851,667
Fox Valley	381,404	422,133	393,735	-	-	418,926	597,533	323,765	-	386,681	2,924,179
Gateway	255,649	294,085	-	-	292,410	400,268	227,307	281,104	295,095	-	2,045,918
Lakeshore	206,279	154,300	229,978	-	196,514	-	-	183,610	174,418	109,143	1,254,243
Madison Area	405,816	395,449	-	687,456	444,764	-	-	406,800	422,914	413,455	3,176,653
Mid-State	225,739	117,424	167,670	-	133,681	-	-	183,829	237,534	212,141	1,278,017
Milwaukee Area	-	-	461,564	679,531	636,514	-	334,814	440,299	446,256	553,760	3,552,738
Moraine Park	-	-	-	178,699	311,897	186,410	342,532	214,016	330,250	175,565	1,739,370
Nicolet Area	154,038	68,255	136,085	93,510	150,849	-	-	153,576	173,214	-	929,527
Northcentral	-	249,302	302,250	-	257,940	320,516	263,175	-	254,600	268,175	1,915,957
Northeast Wisconsin	386,977	382,786	380,340	-	-	458,924	250,639	324,796	293,895	-	2,478,358
Southwest Wisconsin	207,453	-	182,841	-	109,484	133,333	-	173,836	138,785	152,595	1,098,328
Waukesha County	-	276,604	263,969	-	246,036	290,125	-	246,702	253,054	205,118	1,781,608
Western	-	214,835	247,631	202,671	-	188,058	-	233,216	296,287	262,323	1,645,020
Wisconsin Indianhead	277,580	316,940	231,958	-	203,288	110,369	-	196,900	114,462	-	1,451,495
Total	2,990,453	3,193,425	3,396,396	1,975,593	3,193,425	2,990,453	2,178,565	3,802,340	3,599,368	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, 65% of 2019 graduates responded to the survey's standardized questions.

Among 2019 graduates, 93 percent of respondents were employed within six months of graduation. Technical college graduates overwhelmingly stay to work and live in Wisconsin, with 93 percent of 2019 graduates who reported location are employed in the state.

As shown in the Table below, nearly 80 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	544	462	84.9%
Chippewa Valley	2,265	1,964	86.7%
Fox Valley	3,569	2,946	82.5%
Gateway	1,821	1,461	80.2%
Lakeshore	1,103	876	79.4%
Madison Area	4,662	3,429	73.6%
Mid-State	1,202	1,013	84.3%
Milwaukee Area	3,227	2,388	74.0%
Moraine Park	1,050	869	82.8%
Nicolet Area	357	277	77.6%
Northcentral	1,642	1,365	83.1%
Northeast Wisconsin	3,882	3,080	79.3%
Southwest Wisconsin	1,138	899	79.0%
Waukesha County	1,710	1,355	79.2%
Western	1,282	1,027	80.1%
Wisconsin Indianhead	2,393	1,817	75.9%
Statewide	31,847	25,228	79.2%

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 2018-19 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 close to 89,000 degrees and credentials for Wisconsin's workforce in the past three years, including more than 62,000 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	1,183	1,637	72.3%
Chippewa Valley	4,878	7,054	69.2%
Fox Valley	6,834	10,270	66.5%
Gateway	4,761	5,310	89.7%
Lakeshore	2,498	3,008	83.0%
Madison Area	6,402	11,210	57.1%
Mid-State	1,901	2,614	72.7%
Milwaukee Area	5,134	8,152	63.0%
Moraine Park	3,173	4,081	77.8%
Nicolet Area	1,105	1,539	71.8%
Northcentral	4,036	5,522	73.1%
Northeast Wisconsin	6,197	8,789	70.5%
Southwest Wisconsin	1,597	2,255	70.8%
Waukesha County	4,478	6,292	71.2%
Western	3,478	4,868	71.4%
Wisconsin Indianhead	5,131	6,376	80.5%
Statewide	62,786	88,977	70.6%

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.

Table 4: Industry-Validated Programs and TSAs, 2018-19

	Industry-Validated Programs	Technical Skills Attainment Assessment
Blackhawk	50	38
Chippewa Valley	112	91
Fox Valley	154	138
Gateway	112	62
Lakeshore	100	68
Madison Area	154	91
Mid-State	83	39
Milwaukee Area	214	93
Moraine Park	96	41
Nicolet Area	59	39
Northcentral	132	80
Northeast Wisconsin	169	112
Southwest Wisconsin	73	58
Waukesha County	103	81
Western	112	64
Wisconsin Indianhead	108	73
Statewide	1,831	1,168

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 14,000 students transition out of basic education and successfully complete postsecondary work.

Table 5 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	675
Chippewa Valley	527
Fox Valley	437
Gateway	644
Lakeshore	297
Madison Area	3,470
Mid-State	403
Milwaukee Area	3,430
Moraine Park	902
Nicolet Area	472
Northcentral	1,179
Northeast Wisconsin	339
Southwest Wisconsin	120
Waukesha County	500
Western	1,023
Wisconsin Indianhead	453
Statewide	14,871

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 6, more than 68,000 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.)

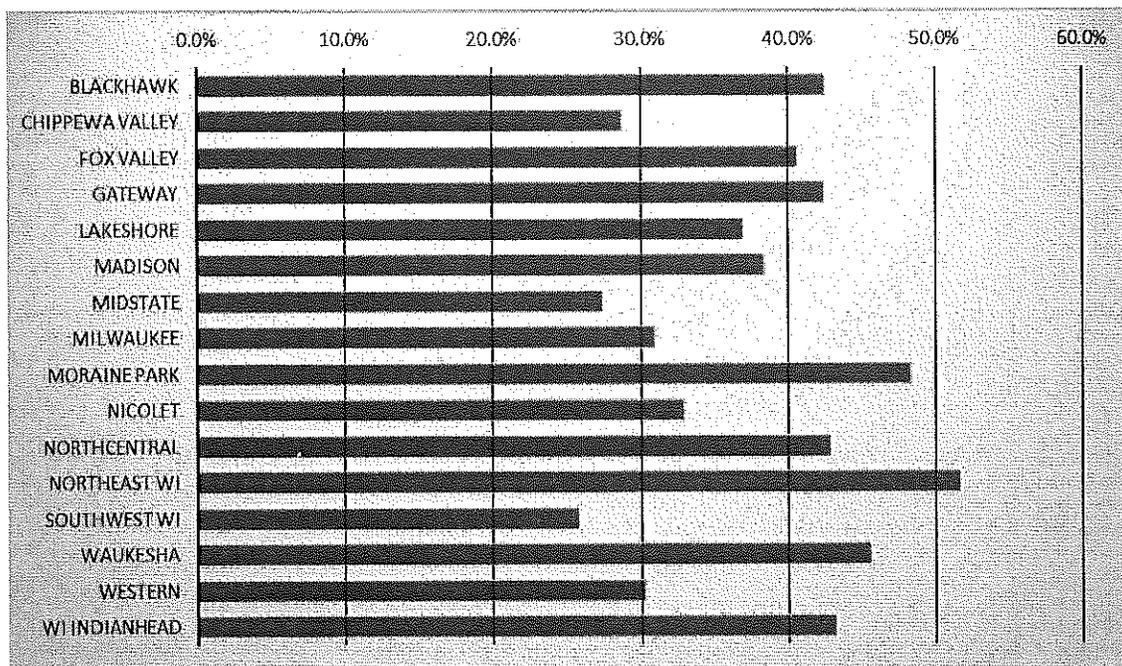
TABLE 6: 3-Year Total, Adult Basic Education Students

	Number of Students
Blackhawk	2,160
Chippewa Valley	1,588
Fox Valley	4,898
Gateway	5,052
Lakeshore	2,357
Madison Area	10,878
Mid-State	1,324
Milwaukee Area	18,498
Moraine Park	5,010
Nicolet Area	1,256
Northcentral	3,795
Northeast Wisconsin	2,592
Southwest Wisconsin	682
Waukesha County	3,046
Western	3,489
Wisconsin Indianhead	1,833
Statewide	68,458

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

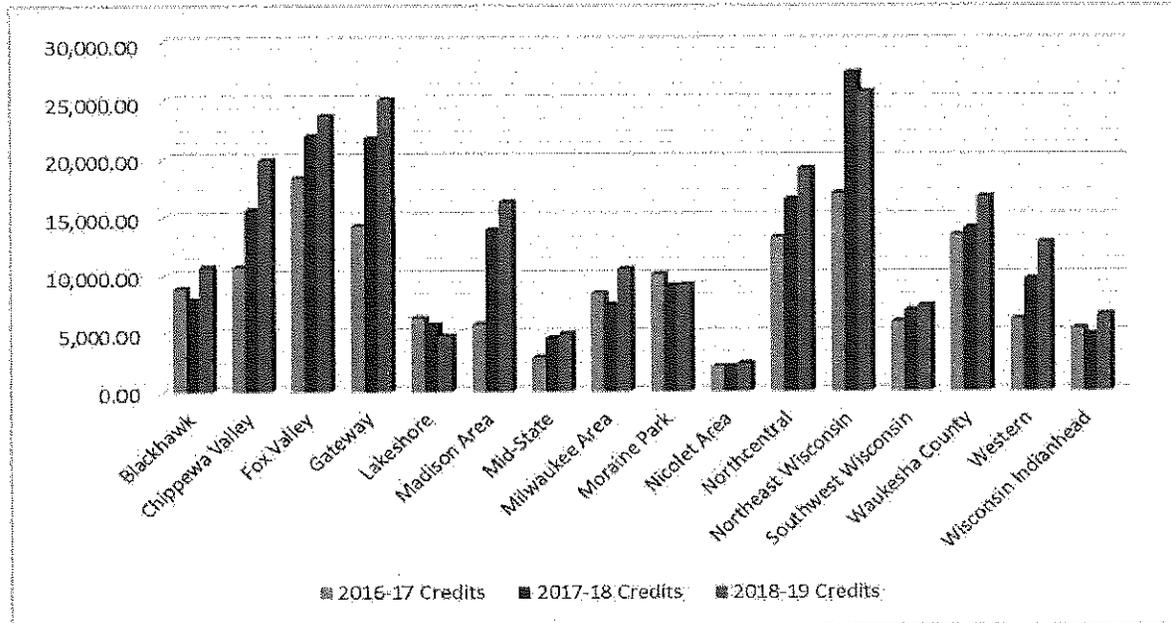
Wisconsin's technical colleges have provided college credit to high school students for more than 20 years, under a variety of programs designed to maximize access and minimize costs to students and their school districts.

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 149,673 in 2016-17 to 216,438 in 2018-19 — an increase of 45 percent in three years. Thanks to WTCS dual enrollment programs, more than 51,000 Wisconsin high school students get a head start on college each year.

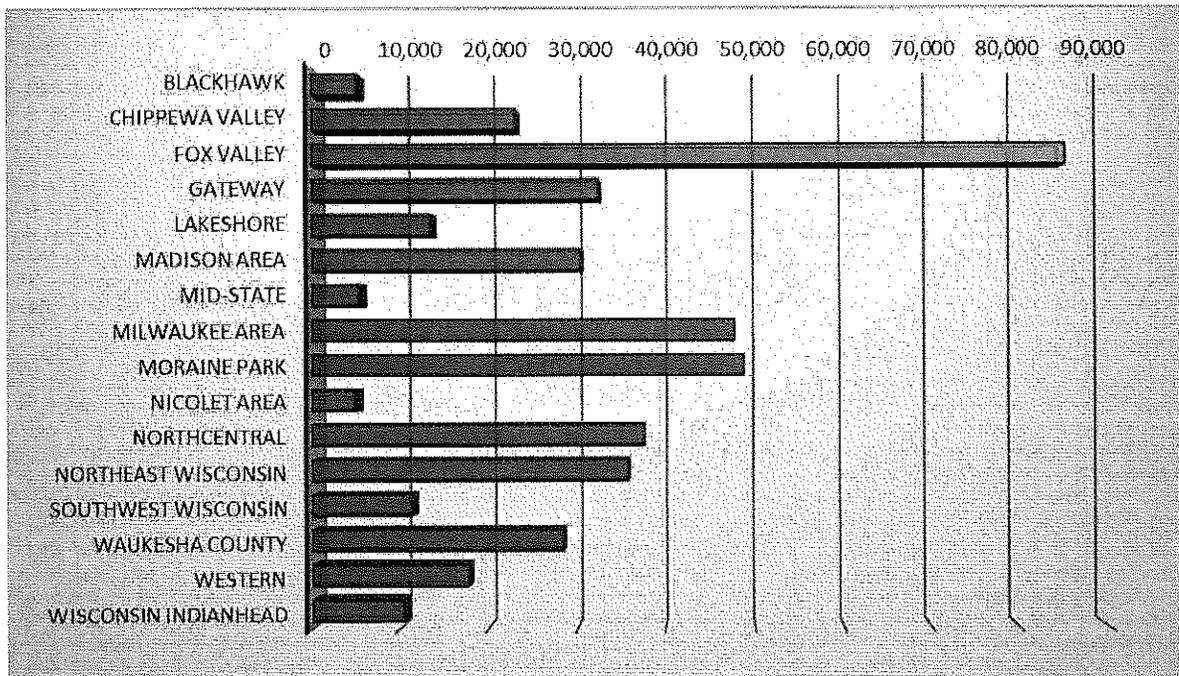
Funds are distributed based on each college's proportionate share of statewide credits earned in all types of dual enrollment offerings, which include transcribed credit, advanced standing (reported once the student enrolls at a technical college, post-high school), and Youth Apprenticeship, Start College 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 438,000 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 15 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	35,212	3,476	3,898	261	314	47	642
Chippewa Valley	57,396	6,288	5,000	505	459	41	1,274
Fox Valley	149,803	7,434	21,629	1,093	2,381	253	1,813
Gateway	112,996	8,696	20,084	656	421	210	2,479
Lakeshore	43,747	2,931	4,578	251	532	124	557
Madison Area	195,960	12,526	24,399	1,305	799	565	3,869
Mid-State	44,127	3,907	2,196	267	343	113	1,062
Milwaukee Area	224,778	24,645	54,763	1,018	698	246	3,586
Moraine Park	143,684	3,307	7,996	296	5,674	171	2,614
Nicolet Area	24,402	1,514	1,597	110	178	76	708
Northcentral	93,645	5,522	5,414	406	2,078	238	1,306
Northeast WI	126,239	10,402	14,360	952	822	219	2,709
Southwest WI	30,461	1,918	1,501	100	527	40	1,160
Waukesha County	92,561	4,506	11,057	687	714	239	1,806
Western	94,531	5,067	5,536	558	2,054	119	2,277
WI Indianhead	45,980	4,086	3,598	288	307	103	1,100
Statewide	1,515,524	106,225	187,606	8,753	18,301	2804	28,962

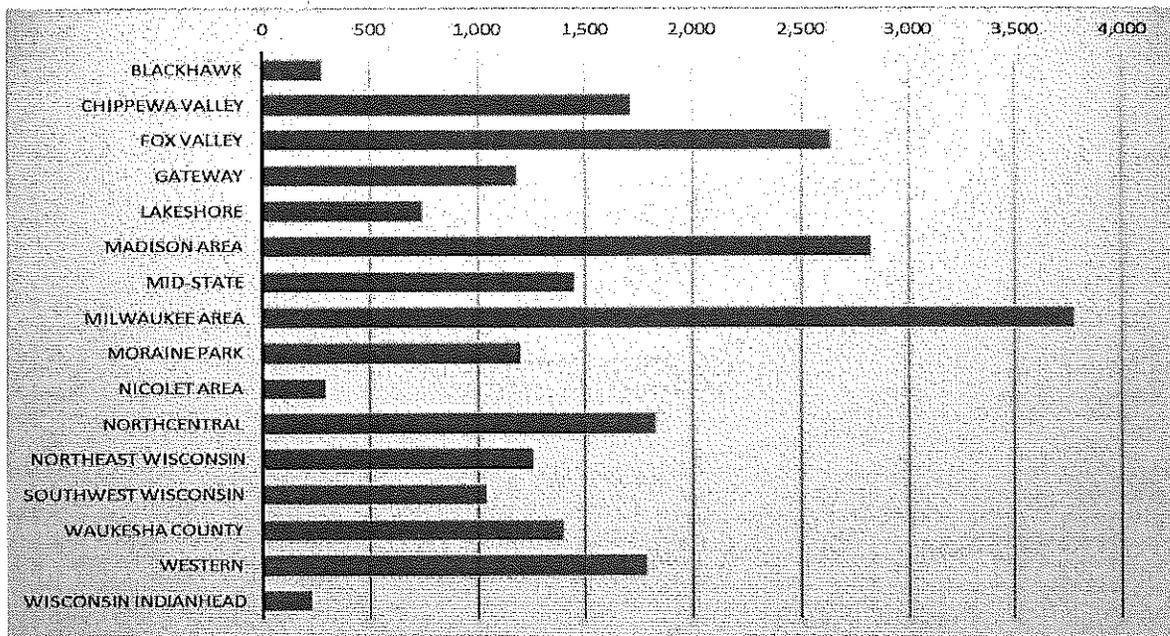
Half of available funds for these criteria are distributed based on each college's proportionate share of the six special populations: students of color, Pell Grant recipients, military veterans, incarcerated individuals, dislocated workers and persons with disabilities. The remainder is distributed 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 38 percent from 6,834 in 2016-17 to 9,400 in 2018-19.

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.