

# STATE OF WISCONSIN

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## JOINT COMMITTEE ON FINANCE

### MEMORANDUM

To: Members  
Joint Committee on Finance

From: Senator Howard Marklein  
Representative Mark Born

Date: August 9, 2023

Re: WTCS Report to JFC

Attached is an annual report regarding outcomes-based funding from the Wisconsin Technical College System, pursuant to s. 38.28(2)(b)(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

HM:MB;jm



Dr. Morna K. Foy, President

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August 9, 2023

AUG 09 2023  
Jst. Finance

Senator Howard L. Marklein, Co-Chair  
Representative Mark Born, Co-Chair  
Joint Committee on Finance  
State Capitol  
Madison, WI 53702

Dear Senator Marklein and Representative Born:

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 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 Executive Vice President James Zylstra at 608-266-1739.

Sincerely,

A handwritten signature in black ink, appearing to read "Morna K. Foy".

Dr. Morna K. Foy  
President

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



# Outcomes-Based Funding

2022-23 report of the  
Wisconsin Technical College System

August 2023

## 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 tenth 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%) 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%).

WTCS colleges are producing outcomes across the priority areas established by the Legislature.

- Almost 80% of employed graduates are employed in jobs related to their specific programs of study within six months.
- More than 70% of credentials are in high-demand fields.
- Industry-validated curriculum continues to increase.
- Wisconsin high school students have earned more than 712,000 dual credits in the last three years.
- Workforce training credits increased almost 15% over the previous year.
- Students earned more than 33,500 credits for prior education and training in the last three years.

## BACKGROUND

Beginning with the 2014-15 fiscal year, a new funding model for allocating a portion of general state aid to technical colleges was adopted.

### Statutory Criteria

The funding model is based on ten statutory 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;
- 9) training provided to special populations or demographic groups unique to the district; and
- 10) number of credits awarded to students for relevant educational experience or training, including skills and training received during military service.

The statutes further specify that:

- the funding model be used to distribute 30% 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.

## Allocation of Funds among Criteria

Each year, 25% 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% of outcomes-based funding is then distributed among all criteria proportionately, based on the number of colleges selecting each criterion.

## 2023-24 OUTCOMES FUNDING

**TABLE 1:** Distribution of 2023-24 Outcomes-Based Funding, by College and Criteria (in \$)

	Criteria 1: Job Placement	Criteria 2: High Demand Fields	Criteria 3: Industry Validated Curriculum	Criteria 4: AE Transition	Criteria 5: AE Success	Criteria 6: Dual Enrollment	Criteria 7: Workforce Training	Criteria 8: Collaboration	Criteria 9: Special Populations	Criteria 10: Credit for Prior Learning	College Total
<b>Blackhawk</b>	223,206	-	166,765	163,074	189,018	198,046	-	199,830	188,157	-	<b>1,328,097</b>
<b>Chippewa Valley</b>	345,963	309,850	280,713	-	-	386,883	233,186	295,923	-	182,045	<b>2,034,564</b>
<b>Fox Valley</b>	402,940	449,429	411,468	-	-	462,022	582,630	-	344,498	456,702	<b>3,109,689</b>
<b>Gateway</b>	275,005	411,533	-	-	303,302	439,874	232,628	305,336	278,667	-	<b>2,246,344</b>
<b>Lakeshore</b>	175,705	182,666	234,583	-	260,687	117,991	-	194,254	236,412	-	<b>1,402,298</b>
<b>Madison Area</b>	447,172	389,859	-	567,012	428,016	-	-	426,138	421,902	596,248	<b>3,276,348</b>
<b>Mid-State</b>	229,625	-	202,881	229,234	211,398	-	-	201,407	254,708	123,933	<b>1,453,187</b>
<b>Milwaukee Area</b>	-	-	494,294	568,304	633,382	-	398,718	457,499	414,659	359,753	<b>3,326,609</b>
<b>Moraine Park</b>	222,551	208,622	206,197	-	272,959	-	337,676	225,063	377,660	-	<b>1,850,727</b>
<b>Nicolet Area</b>	128,878	50,420	123,944	226,391	212,611	-	-	164,358	205,160	-	<b>1,111,763</b>
<b>Northcentral</b>	245,752	-	303,016	300,046	307,579	343,866	-	256,997	237,663	-	<b>1,994,919</b>
<b>Northeast Wisconsin</b>	347,769	398,749	393,155	-	-	429,393	242,810	348,607	-	443,596	<b>2,604,080</b>
<b>Northwood</b>	241,875	239,834	274,678	-	193,510	125,082	-	211,059	190,039	-	<b>1,476,077</b>
<b>Southwest Wisconsin</b>	238,270	-	176,232	-	125,757	118,264	-	186,502	152,704	103,213	<b>1,100,943</b>
<b>Waukesha County</b>	265,196	294,082	267,883	-	-	254,459	266,244	265,664	-	206,330	<b>1,819,858</b>
<b>Western</b>	-	-	254,100	239,830	224,254	272,879	-	264,986	273,963	249,505	<b>1,779,518</b>
<b>Total</b>	<b>3,789,909</b>	<b>2,935,042</b>	<b>3,789,909</b>	<b>2,293,892</b>	<b>3,362,475</b>	<b>3,148,759</b>	<b>2,293,892</b>	<b>4,003,625</b>	<b>3,576,192</b>	<b>2,721,325</b>	<b>31,915,020</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, over 60% of 2022 graduates responded to the survey's standardized questions.

Among 2022 graduates, 93% of respondents were employed within six months of graduation. Technical college graduates overwhelmingly stay to work and live in Wisconsin, with 91% of respondents employed within the state.

As shown in Table 2, over 77% 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, particularly 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:** Three-Year Total, Graduates in Related Fields

	<b>Graduates Employed</b>	<b>Graduates Employed in Related Fields</b>	<b>Percentage Employed in Related Fields</b>
<b>Blackhawk</b>	669	595	88.9%
<b>Chippewa Valley</b>	2,151	1,767	82.1%
<b>Fox Valley</b>	2,782	2,271	81.6%
<b>Gateway</b>	1,993	1,360	68.2%
<b>Lakeshore</b>	570	418	73.3%
<b>Madison Area</b>	3,587	2,737	76.3%
<b>Mid-State</b>	1,024	806	78.7%
<b>Milwaukee Area</b>	2,212	1,549	70.0%
<b>Moraine Park</b>	869	706	81.2%
<b>Nicolet Area</b>	243	155	63.8%
<b>Northcentral</b>	1,236	961	77.8%
<b>Northeast Wisconsin</b>	2,287	1,821	79.6%
<b>Northwood</b>	1,270	960	75.6%
<b>Southwest Wisconsin</b>	977	813	83.2%
<b>Waukesha County</b>	1,458	1,132	77.6%
<b>Western</b>	686	534	77.8%
<b>Statewide</b>	<b>24,014</b>	<b>18,585</b>	<b>77.4%</b>

Three-year total includes fiscal years 2019-20, 2020-21 and 2021-22

Fifty percent of the funds are distributed based on a college's job placement rate and 50% 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 2022-23 include: childcare workers, nurses and related health care professionals, truck drivers, machinists, agricultural workers, first-line supervisors, software developers and computer systems analysts.

As shown in Table 3, Wisconsin's technical colleges produced more than 60,300 credentials in high-demand fields over the last three years. Over the same period, 85,400 credentials were earned across all fields. As a result, more than 70% of graduates were in fields with the most acute talent needs in the state. This is the outcome of the longstanding practices of 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.

**TABLE 3:** Three-Year High-Demand Credential Totals, by College

	High-Demand Credentials
<b>Blackhawk</b>	1,539
<b>Chippewa Valley</b>	4,775
<b>Fox Valley</b>	6,926
<b>Gateway</b>	6,342
<b>Lakeshore</b>	2,815
<b>Madison Area</b>	6,008
<b>Mid-State</b>	1,865
<b>Milwaukee Area</b>	3,966
<b>Moraine Park</b>	3,215
<b>Nicolet Area</b>	777
<b>Northcentral</b>	3,629
<b>Northeast Wisconsin</b>	6,145
<b>Northwood</b>	3,696
<b>Southwest Wisconsin</b>	1,432
<b>Waukesha County</b>	4,532
<b>Western</b>	2,707
<b>Statewide</b>	<b>60,369</b>

Three-year total includes fiscal years 2019-20, 2020-21 and 2021-22

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 degrees and certificate programs which have enrolled students and advisory committees comprising 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 those outcomes derive directly from valid industry standards.

**Table 4:** Industry-Validated Programs and TSAs, 2021-22

	Industry-Validated Programs	Technical Skills Attainment Assessment
<b>Blackhawk</b>	71	61
<b>Chippewa Valley</b>	111	94
<b>Fox Valley</b>	169	112
<b>Gateway</b>	124	61
<b>Lakeshore</b>	96	61
<b>Madison Area</b>	149	84
<b>Mid-State</b>	85	60
<b>Milwaukee Area</b>	230	112
<b>Moraine Park</b>	98	39
<b>Nicolet Area</b>	52	30
<b>Northcentral</b>	132	78
<b>Northeast Wisconsin</b>	172	97
<b>Northwood</b>	115	84
<b>Southwest Wisconsin</b>	70	55
<b>Waukesha County</b>	112	84
<b>Western</b>	108	61
<b>Statewide</b>	<b>1,894</b>	<b>1,173</b>

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% is distributed based on each college's proportionate share of programs with TSA assessments.

## AE TRANSITIONS

Adult Education (AE) 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 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 more than 11,400 students transition out of AE and successfully complete postsecondary work.

Table 5 shows the number of adults over a three-year period transitioning from AE to postsecondary coursework in the same year or the following year.

**TABLE 5:** Three-Year Total, Transitions from Adult Education to Postsecondary Education

	3-Year Total
Blackhawk	631
Chippewa Valley	369
Fox Valley	326
Gateway	303
Lakeshore	174
Madison Area	2,194
Mid-State	887
Milwaukee Area	2,199
Moraine Park	490
Nicolet Area	876
Northcentral	1,161
Northeast Wisconsin	270
Northwood	269
Southwest Wisconsin	51
Waukesha County	275
Western	928
<b>Statewide</b>	<b>11,403</b>

Three-year total includes fiscal years 2019-20, 2020-21 and 2021-22

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 education, adult high school or ELL courses; and then (b) successfully completed a postsecondary course, in either the year of their AE enrollment or in the following academic year.

## AE 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 53,000 students took advantage of AE 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 AE services must be provided tuition-free.)

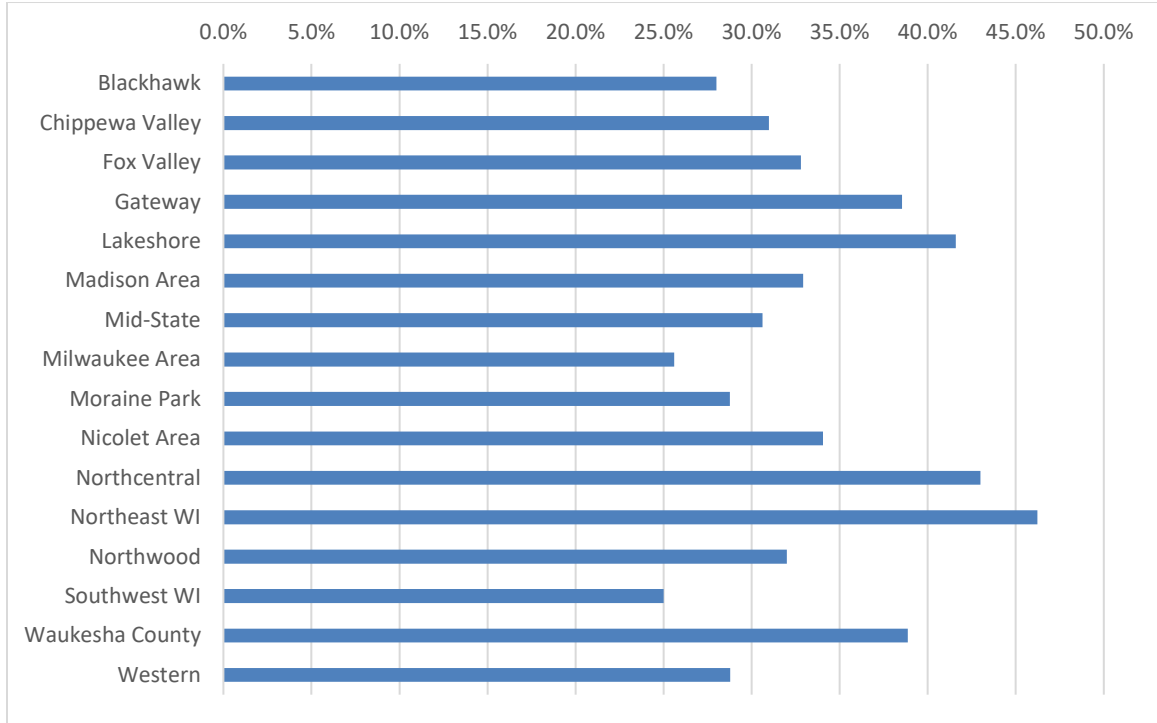
**TABLE 6:** Three-Year Total, Adult Education Students

	Number of Students
<b>Blackhawk</b>	1,762
<b>Chippewa Valley</b>	1,847
<b>Fox Valley</b>	3,959
<b>Gateway</b>	3,544
<b>Lakeshore</b>	2,097
<b>Madison Area</b>	7,407
<b>Mid-State</b>	2,049
<b>Milwaukee Area</b>	13,553
<b>Moraine Park</b>	3,853
<b>Nicolet Area</b>	1,696
<b>Northcentral</b>	3,156
<b>Northeast Wisconsin</b>	1,707
<b>Northwood</b>	1,430
<b>Southwest Wisconsin</b>	458
<b>Waukesha County</b>	1,894
<b>Western</b>	2,589
<b>Statewide</b>	<b>53,001</b>

Three-year total includes fiscal years 2019-20, 2020-21 and 2021-22

Student success in AE 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 education grants. Figure 1 shows the average three-year AE student success rates by college. The three-year success rate includes fiscal years 2019-20, 2020-21 and 2021-22.

**FIGURE 1:** Three-Year Success Rate: AE 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 education, adult high school or ELL courses. The other 50% of funding is distributed based on each college's "success rate," which is defined as the percentage of adult education, adult high school or ELL students who have demonstrated educational gains under standardized pre- and post-testing regimens.

## DUAL ENROLLMENT

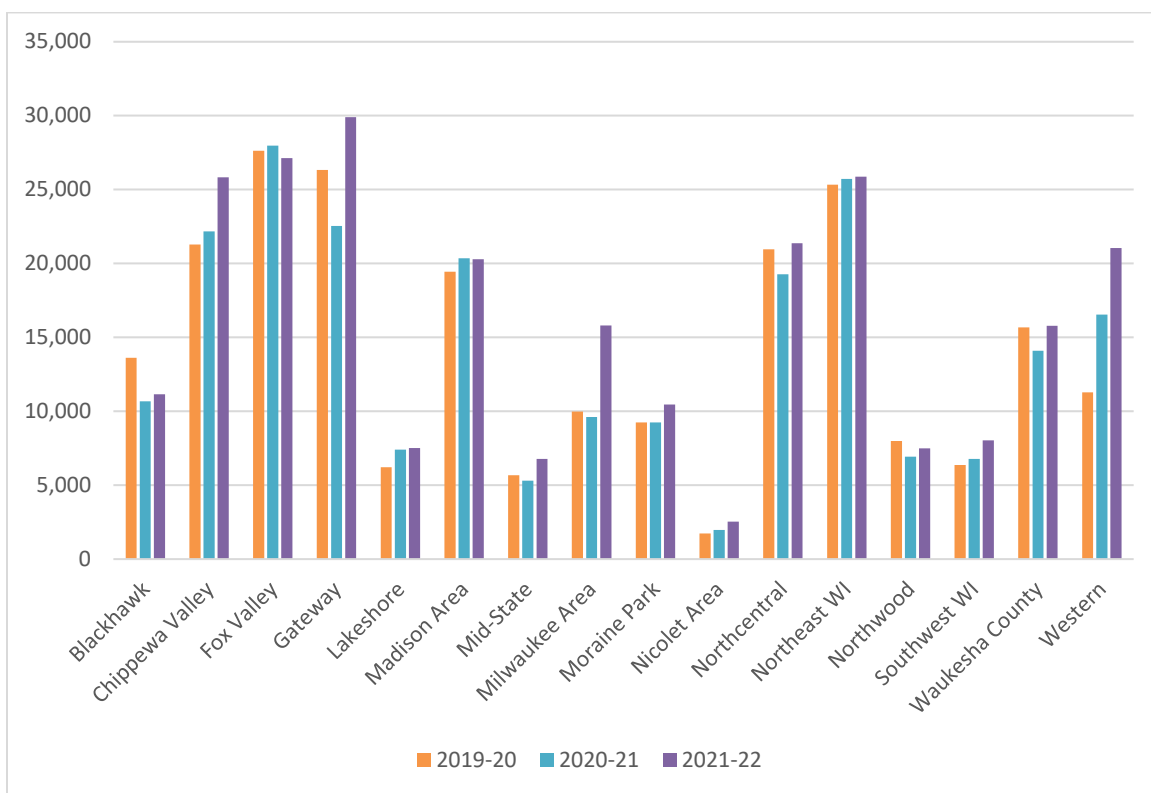
Wisconsin's technical colleges have provided college credit to high school students for more than 20 years, under a variety of programs designed to maximize access and minimize costs to students and their school districts.

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 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 by 12% between 2019-20 and 2021-22. More than 57,200 Wisconsin high school students get a head start on college each year while earning dual credits.

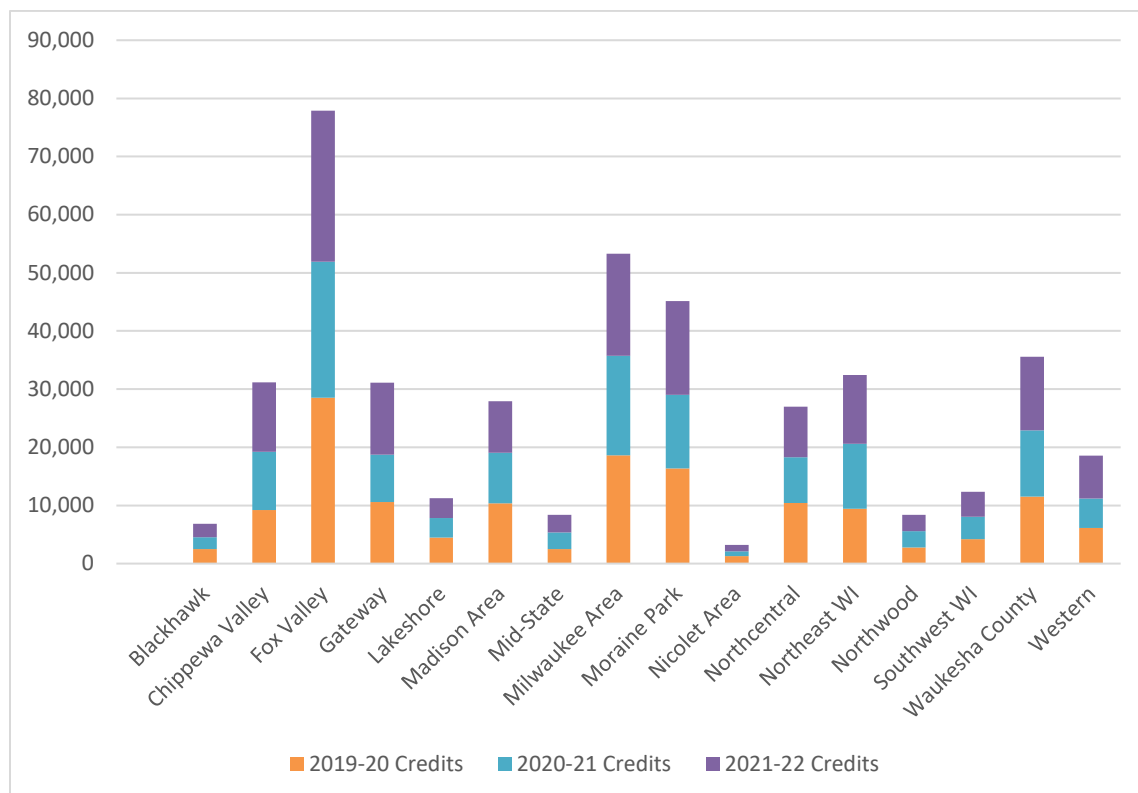
Funds are distributed based on each college's proportionate share of statewide credits earned in all types of dual enrollment offerings, which include transcribed credit, advanced standing (reported once the student enrolls at a technical college, post-high school), and Youth Apprenticeship, Start College 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 businesses of every size and in every industry in the state. As shown in Figure 3, WTCS delivered more than 430,000 workforce training credits over the last three years.

**FIGURE 3:** 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 in 2004, DMI has saved taxpayers over \$21 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% on each college's proportionate share of full-time equivalent students and 50% 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:** Three-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	23,737	2,904	4,772	244	214	110	618
Chippewa Valley	48,860	5,317	5,524	674	659	20	1,268
Fox Valley	141,184	5,914	24,299	1,334	1,874	541	1,032
Gateway	53,924	6,863	20,247	713	145	118	2,284
Lakeshore	26,099	2,512	4,593	936	566	72	445
Madison Area	78,733	9,964	22,436	1,438	565	392	3,698
Mid-State	23,546	3,049	2,443	1,361	423	141	480
Milwaukee Area	83,592	24,326	47,314	994	570	46	2,214
Moraine Park	40,207	3,487	7,331	443	4,570	94	2,421
Nicolet Area	11,424	1,479	1,386	147	109	107	373
Northcentral	52,439	4,328	6,557	385	1,091	164	1,208
Northeast Wisconsin	73,028	7,448	13,364	1,161	357	198	1,939
Northwood	44,405	3,439	3,674	1,038	318	75	845
Southwest Wisconsin	19,564	1,505	1,828	225	533	40	556
Waukesha County	51,007	3,346	10,262	480	231	84	1,658
Western	37,369	4,551	6,098	675	1,247	61	1,810
<b>Statewide</b>	<b>809,118</b>	<b>90,432</b>	<b>182,128</b>	<b>12,248</b>	<b>13,472</b>	<b>2,263</b>	<b>22,849</b>

Three-year total includes fiscal years 2019-20, 2020-21 and 2021-22

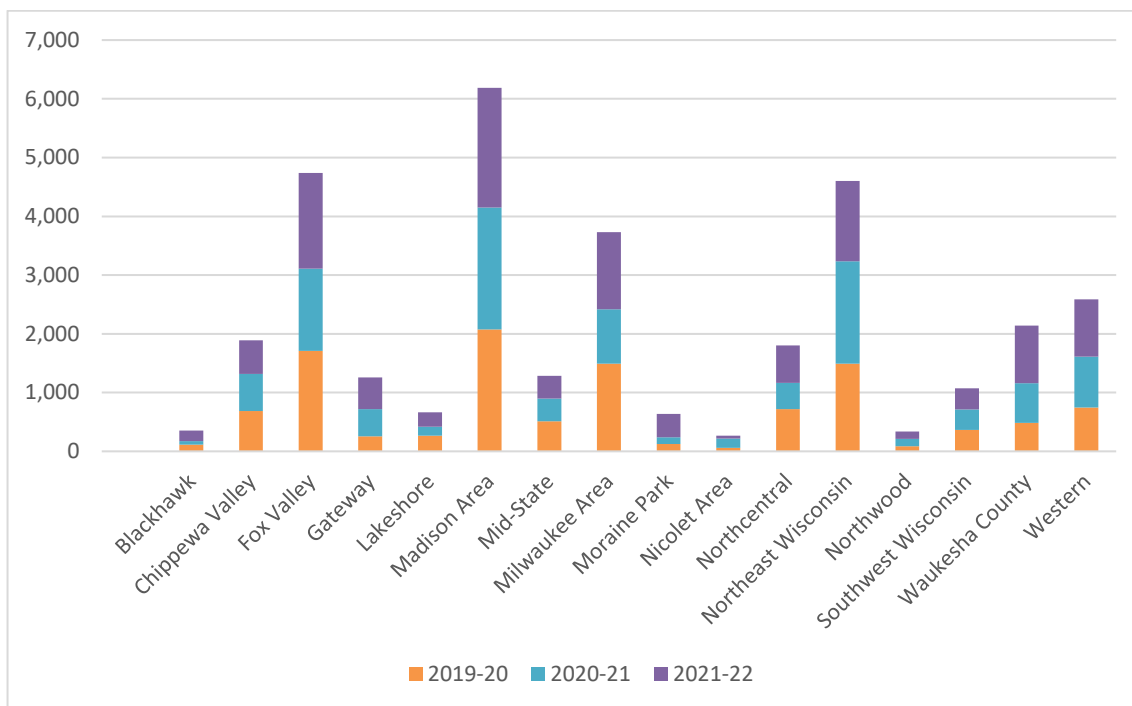
Half of available funds for these criteria are distributed based on each college's proportionate share of the six special populations: students of color, Pell Grant recipients, military veterans, incarcerated individuals, dislocated workers and persons with disabilities. The remainder is distributed 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. Technical colleges awarded more than 33,500 credits during the most recent three-year period, an increase of almost 8% over the previous three-year period.

**FIGURE 4:** 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.