



Joint Finance Hearing: 2017-19 Biennial Budget

Testimony of Dr. Morna K. Foy, President

Wisconsin Technical College System

March 30, 2017

Good morning Senator Darling, Representative Nygren, and members of the Committee. On behalf of the Wisconsin Technical College System (WTCS) Board and our 16 colleges, I appreciate the opportunity to be with you. I will encourage your support for several budget provisions that would foster Wisconsin's economic growth. I will also discuss provisions that I believe would disrupt our "culture of collaboration," as well as state and local efforts to sustain our unique, long-standing role as Wisconsin's leading developer of a skilled workforce.

After conversations with you, your colleagues in the Legislature and the Governor, it's clear we share a common goal: assuring Wisconsin's economic competitiveness and developing the talent that drives it. It's also clear that Wisconsin's technical colleges are uniquely positioned to address these priorities.

In keeping with our statutory mission, Wisconsin's technical colleges provide dynamic education and training in a rapidly changing marketplace, increasing the economic vitality of students, employers and communities throughout Wisconsin.

With our trademark ties to employers in every sector and geographic region, our colleges consistently align education and training with real-world talent needs. That's great for employers and for students, who can have confidence in the market value of their skills.

Our colleges offer high-value, relevant short-term and two-year credentials in support of key economic sectors like manufacturing, health care, agriculture, business and tourism. They also produce the majority of the state's public safety professionals, provide instruction for Apprentices and deliver customized training for incumbent workers and technical assistance, on-site or on-campus. In recognition of the need for seamless education pathways that support lifelong learning, we also deliver college credit opportunities for high school students and transfer options for those interested in pursuing a four-year degree.

Whether you're measuring student outcomes and satisfaction, or employer satisfaction and the importance of our colleges to the success of their business – measures that we take routinely – Wisconsin's technical colleges deliver. Consider:

- **97% of employers** surveyed say their local technical college is important to the overall success of their business.
- **96% of employers** were satisfied or very satisfied with the education and training of WTCS graduates and said they would hire WTCS graduates again.

- **93% of 2016 WTCS graduates** were employed within six months of graduation, including 79% working in a field directly related to their education. The employment rate for WTCS graduates has not been below 86% at any time in the past 15 years, even during times of recession.
- **\$41,000** was the median annual salary for 2016 graduates earning an Associate Degree and working full-time in a field directly related to their training.
- **54% growth in median annual salary** over five years for 2010 WTCS graduates, which far outpaces the 8.7% inflation-adjusted increase.

The value our graduates bring to Wisconsin's employers endures through cyclical economic conditions because, in partnership with those employers, we adapt to changing needs.

As System President, I'm focused on positioning our colleges to continue to meet the needs of Wisconsin's employers, a daunting challenge given demographic trends and rapidly changing education and economic landscapes. Success will require the collaboration of many, including policymakers and state and local education, workforce and economic development partners.

It will also require that we maximize labor force participation. Our colleges provide the "on-ramps" and the pathways to create opportunities for individuals with remarkably diverse backgrounds, empowering them to contribute to their communities and Wisconsin's economy.

One of our greatest strengths is building students' confidence while expanding their competencies. To drive economic development going forward, we'll need to do this for more individuals, including those who have not experienced success with education in the past. We do this by offering flexible, contextualized, hands-on learning opportunities, as well as seamless lifelong learning options like credit for prior learning and credit transfer.

Technical colleges work for the tens of thousands of individuals and employers who access our programs and services each year. Yet we can do more. Investments included in the Governor's budget will enable us to serve more students and meet the needs of more employers, making an even greater contribution to Wisconsin's long-term prosperity.

Specifically, the Governor's budget proposal provides for:

- An additional \$5 million in general aid annually, which will support ongoing innovation as our colleges continue to expand career pathway options that align and accelerate credential and certification options for our students in response to local employer needs.
- Maintaining the WTCS outcomes-based funding level at 30% of general aid, which recognizes the value of funding stability during ongoing implementation of this important program. Since WTCS proposed – and the Legislature passed – outcomes-based funding three years ago, we've transitioned through three funding levels and added a 10th criteria. With positive results to date, maintaining WTCS outcomes-based funding at the 30% level allows for funding stability while encouraging colleges to sustain their commitments to innovation and improvement.

- Increasing Wisconsin Grants by \$1.9 million over the biennium for WTCS students, which will provide grants for an estimated 1,900 additional students. Currently, there are about 17,000 eligible WTCS students who applied for, but did not receive, a Wisconsin Grant this year because of a lack of funding.
- Expanding credit transfer between technical colleges and University of Wisconsin (UW) System Institutions. We welcome additional credit transfer opportunities for WTCS students who attend a UW institution, but also for UW students who transfer to our colleges. Last year, 4,193 UW students transferred credits to a WTCS institution, while 3,608 WTCS students transferred credits to a UW institution.

Other budget provisions, however, may hinder our colleges' ability to increase the economic vitality of students, employers and Wisconsin communities.

I request that Joint Finance address the following budget provisions during its deliberations.

1. Delete proposed modifications to the WTCS outcomes-based funding formula.

The proposed budget makes significant modifications to the WTCS outcomes-based funding formula, which was designed in close consultation with the Governor and the Legislature as part of the 2013-15 Biennial Budget.

To position the WTCS formula for sustained success, we conducted an extensive scan of research on models that have been successful elsewhere, engaged nationally-recognized experts and periodically met with officials responsible for implementation in other states, sharing best practices and identifying effective measurements and indicators. At the same time, we took significant steps to engage System stakeholders to assure the formula recognizes unique college missions relative to the economic regions they serve. These efforts included an on-line survey with nearly 1,700 respondents, including educators and administrators, employers, lawmakers, taxpayers, students, and other stakeholders and partners.

Overall, the result was a comprehensive, inclusive, deliberate and strategic process that resulted in a highly-regarded and nationally-recognized outcomes-based funding formula. In keeping with national best practices, the WTCS outcomes-based funding formula makes use of existing data, reflects differences in regional economies, is reasonably simple, and has driven positive outcomes System-wide. For example, in the past three years, we've seen a:

- 15% increase in industry validated degrees and diploma programs;
- 10% increase in workforce training credits; and
- 7% increase in credentials awarded in high-demand fields.

Proposed changes to the WTCS formula are inconsistent with its development and threaten its success. For example, eliminating colleges' ability to select 7 of 10 funding criteria would fail to recognize distinct regional economies and resulting differences in college emphases. Proposed criteria weighting would reduce the importance of workforce training and perpetuate resource

disparities among colleges, rather than rewarding outcomes. Overall, the proposal would disrupt the existing balance between incentives for collaboration and healthy competition.

In addition, under the budget proposal the formula would rely on only one-year of data, rather than three. This would increase volatility and reduce institutional agility and innovation. Finally, proposed changes reduce legislative oversight by eliminating the Joint Finance Committee's role in approving the formula and receiving annual reports.

I request that you eliminate proposed changes to the WTCS outcomes-based funding formula.

2. Delete tuition freeze and maintain uniform, System-wide tuition.

The proposed budget would freeze WTCS tuition and eliminate uniform, System-wide tuition.

The WTCS Board consistently prioritizes student access and affordability in exercising its authority to annually set uniform, System-wide tuition. For the current year, the Board increased tuition a modest 1.5 percent.

The Board's commitment to affordability is reflected in its thorough, inclusive process for setting tuition. The Board's student member serves on its annual tuition working group, which includes additional Board members and is supported by System staff. Over the course of many weeks, this working group completes a comprehensive review of factors including tuition comparisons with other institutions, Consumer Price Index (CPI) trends and students' full cost of attendance – including costs of living, beyond tuition and fees.

Confidence in this process, combined with an appreciation for the value received in terms of course and program availability, has led Wisconsin Student Government (WSG) – which represents more than 300,000 WTCS students statewide – to oppose two recent proposals to freeze WTCS tuition, including this one.

That group also noted that under the proposed freeze, the average WTCS occupational program student – who takes 6 credits per year – would see annual savings of \$11.76, compared to a hypothetical 1.5% tuition increase.

The System's commitment to affordability goes well beyond tuition-setting. College financial aid staff work with students to aggressively pursue aid for which students may be eligible. This includes holding special sessions to educate students about different types of aid, and to assist students in completing the Free Application for Federal Student Aid (FAFSA). In addition, colleges' Financial Wellness Centers and financial advising efforts have demonstrated strong results in promoting student persistence and completion, keys to avoiding future indebtedness.

Additionally, the WTCS Board consistently advocates for Wisconsin Grant funding for technical college students. These grants are the primary state support for need-based financial aid and reduce students' costs while earning credentials.

The colleges also focus on innovations that help students earn while they learn, reduce duplication of effort, and speed the time to completion and workforce entry. For example, as part of the System's career pathways model, over 32,000 high school students – at no cost to the student - took part in dual enrollment options last year, saving more than \$17 million in tuition. In addition, transfer agreements with four-year institutions help students avoid retaking courses, while credit for prior learning and stackable credentials speed time to completion.

Furthermore, we have worked with private partners to fund innovative programs that reduce attendance costs and help students stay in school. In partnership with the Great Lakes Higher Education Corporation and the Legislature, our colleges now offer special grants to students facing unanticipated financial emergencies that put completion at risk. Additionally, 10 Wisconsin technical colleges have initiated "Promise" programs, funded with private dollars, which promote and make possible college attendance for recent high school graduates.

A budget provision separate from the tuition freeze would eliminate uniform, System-wide tuition. This would likely reduce college collaboration, create confusion for students and incent unnecessary duplication of high-cost programs and facilities among the colleges.

Based on these concerns and the fact that neither proposal has a state fiscal impact, I request that you eliminate the WTCS tuition freeze and maintain uniform, System-wide tuition.

3. Exclude WTCS from proposed server consolidation within DOA.

The proposed budget again includes language that would relocate WTCS data systems to a Department of Administration (DOA) facility.

The Wisconsin Technical College System Office continually and securely receives millions of student records, consisting mostly of sensitive personal information, from the 16 technical colleges. Moving WTCS data systems would increase costs, slow the agency's ability to respond to records requests and reporting requirements, increase data system complexity, and most importantly, significantly increase security risks due to additional transmission of student data over the Internet.

Unlike other state agencies, WTCS does not rely on DOA for information technology needs. In fact, the System's logical partners are the technical colleges, with which it coordinates backup services and Continuity of Operations Planning (COOP). Through these arrangements, the System leverages partnerships more closely aligned with its educational mission and student privacy requirements. Clearly, recognition exists that the needs and security requirements of higher education data systems differ from other state agencies, as UW was excluded from housing its servers at DOA.

I request that you exempt WTCS from the proposed consolidation of servers at DOA.

4. Delete additional accountability reporting.

The proposed budget includes extensive new reporting requirements for WTCS.

WTCS is among the most accountable and transparent agencies in the State. Its long-standing commitment to data collection and reporting are notable, in Wisconsin and nationally. For example, for 30 years the System has conducted annual surveys to follow up on the success of graduates, including employment, salary and location six months and five years after graduation. The System has shared with policymakers and other stakeholders the highlights of its most recent graduate outcomes report. The full report is available at:

<http://www.wtcsystem.edu/about-us/wtcs-overview>

Additionally, the colleges survey employers to gauge satisfaction with WTCS graduates and rely on employers' expertise on advisory committees for every program at each college. Moreover, the System provides annual reports on outcomes-based funding that show system progress and college results for each of the criteria. WTCS also publishes numerous state- and federally-required reports that include information of value to prospective students and policymakers.

The proposed budget includes extensive new reporting requirements that in many cases are duplicative and, in some cases, require information that is not – and likely could not be – collected. Other portions of the proposed report would require costly new data gathering and tracking, which are costs that colleges would bear at the expense of programs and services.

I request that you eliminate new WTCS accountability reporting requirements.

5. Include flexibility for WTCS to maintain its dual enrollment models.

The proposed budget would create a single dual enrollment program for high school students.

WTCS has long advocated for allowing high school students an early start on college through programs like transcribed credit and Youth Options. Last year, more than 32,000 Wisconsin students earned technical college credit while in high school, a 68% increase over a five-year period. These students earned 127,250 credits, which represents a five-year increase of 88%.

Growing participation in dual enrollment is a direct result of technical college efforts to collaborate with local K-12 districts to provide cost-effective options for schools and students. The most prevalent dual enrollment programs – representing 86% of all credits earned – are delivered through transcribed credit arrangements between our colleges and a high school partner. Under these arrangements, high school teachers deliver WTCS curriculum to students at the high school. Students receive high school and WTCS credit for completion.

Transcribed credit is the colleges' preferred delivery model. It's easier on students and their families, eliminates transportation issues, and is less disruptive to academic schedules and extracurricular activities. Most importantly, transcribed credit is cost-neutral to the school district, and no tuition is charged to students or their families. It's the right approach.

Unfortunately, new educational requirements for high school teachers being implemented by the technical colleges' accrediting body – the Higher Learning Commission – may jeopardize this model. Moreover, high schools have increasingly used WTCS instructors, facilities and equipment as a cost-effective way to deliver career and technical education.

As a result, colleges have expanded dual enrollment models in which WTCS instructors teach the course. A model used by all colleges is “slotting” high school students, on a space-available basis, into existing on-campus classes. Another model has WTCS instructors teaching college courses at area high schools or other locations.

The budget proposal creates a single dual enrollment program and limits the amount a college can charge to one-third tuition, without consideration of course delivery costs, including for occupational courses intensive in their reliance on WTCS facilities, equipment and materials.

Elimination of Course Options seems prudent, given that only 1.5% of WTCS dual enrollment credits last year were delivered using that model. However, to sustain viable dual enrollment that's cost-neutral for students, there must be recognition that the technical colleges can't maintain all delivery models and courses under the proposed cost structure.

I request that you provide flexibility for technical colleges to work with K-12 partners to create a cost-structure reflective of the dual enrollment models used and the courses offered.

I appreciate your ongoing support for WTCS and the critical role our colleges play in advancing state and regional economic development goals. These modifications to the 2017-19 Biennial Budget will allow Wisconsin's technical colleges to continue to deliver the dynamic education and training that our communities need to thrive.

