



August 28, 2012

Summer Legislative Update V

“Sullivan Report” Issued

- *Governor’s Consultant Calls for Wide-Ranging Education and Workforce Reform.*
- *Summary of Recommendations Provided Along with Initial Analysis and Commentary.*

Governor Walker announced in mid-February that Mr. Tim Sullivan would serve as “Special Consultant for Business and Workforce Development” for the State of Wisconsin. Sullivan is also heading up the state’s Office of Business Development. Prior to these appointments, Sullivan had served as CEO of Bucyrus International, a mining equipment manufacturer headquartered in Milwaukee. Sullivan left Bucyrus after selling the company to Caterpillar, Inc. In the special consultant role, Sullivan reports directly to the Governor. He also works closely with the Department of Workforce Development (DWD).

Sullivan was asked to develop a report and proposals for the Governor focusing on addressing Wisconsin’s “skills gap;” the lack of enough applicants to fill available skilled job positions. On August 21st, Sullivan publicly presented that report titled: *“The Road Ahead: Restoring Wisconsin’s Workforce Development.”* The full report is linked [HERE](#) and its recommendations are summarized and commented upon below. The report runs more than 100 pages.

The report was unveiled at a joint meeting of two statewide councils, both of which Sullivan chairs. First, Sullivan chairs the state Council on Workforce Investment (“CWI”), a federally mandated council that coordinates efforts under the Workforce Investment Act. These efforts include coordination of local workforce development boards. Second, Governor Walker announced a series of job-related projects in early 2012, including creation of a new “College and Workforce Readiness Council” (“Readiness Council”). The Readiness Council consists of 15 members including Sullivan, who is serving as chair. The group also includes legislative and state agency/cabinet leaders, the Superintendent of Public Instruction, leaders of the WTCS, UW System, private/independent colleges and universities, a representative of the state’s Native American tribes, and others representing business and industry.

The Readiness Council is assigned to report to the Governor on a variety of topics related to improving career and technical education in K-12 and higher education. All of the Readiness Council's recommendations are to "focus on immediate job creating strategies." The Council is to issue a "strategic plan detailing progress" to the Governor by December 31, 2012.

Some Context for the Sullivan Report and its Recommendations

After presenting his "skills gap" report and recommendations to the Governor, Sullivan presented it to an August 21st joint meeting of the Readiness Council and CWI. The report represents Sullivan's own personal assessments and recommendations to the Governor as a volunteer special consultant. However, both the Governor's office and Sullivan have noted that many of the report proposals will be referred to the CWI and Readiness Council for each to consider taking action. Of course, the Governor and Legislature may themselves find some of the recommendations compelling. Upon the report's release, Governor Walker issued a statement noting, "...this report is a good starting point for true reform."

The report contains a wide-ranging mix of policy ideas affecting technical colleges, K-12 and UW institutions, DWD, regional economic development groups and others. The recommendations also include state-level policy well beyond the education spectrum, such as reforming immigration and tax policy. It is a report conveying a detailed set of personal policy opinions from a single prominent business leader and should be read and taken as such.

While the report contains a significant number of references to studies and media sources, it is not a scientific study and contains a number of assertions and assumptions many persons – including many technical college leaders – will question. It also uses limited data sources in some instances that beg for additional clarity, context or corroboration.

For example, the Sullivan report bases its Wisconsin technical college cost information on a single U.S. Chamber of Commerce study claiming the cost per WTCS degree completion is \$71,226 (see, e.g., *the report at p. 39*). There does not appear to be any rational basis upon which a \$71,000 cost per graduate is determined, or (if it is somehow accurate) how it would be relevant. If the figure represents all technical college costs divided by the number of associate degree graduates, it would count dozens of successful persons who do not earn a 2-year degree (such as short-term program students and "job outs") into the "cost" of producing one associate degree graduate.

In contrast, the WTCS reported a 2010-2011 total cost per 30-credit FTE statewide of \$13,010. This is across all student types and instruction statewide. Thus, educating one student for the direct equivalent of an associate degree (30 credits per year for two

years) was about \$26,000 as of last year. This is just 37% of the Chamber study's reported "cost."

The following report summary is based on a first reading of the Sullivan report and is intended to provide a sense of its highlights. Recommendations quoted directly from the report are offered as *italicized quotations* with page references. All analysis and commentary following each recommendation is exclusively by this report's author for the Wisconsin Technical College District Boards Association membership.

Selected Sullivan Report Recommendations with Analysis and Commentary:

I. Increase tuition for technical college students who have already earned a bachelor's degree or higher.

"Last year, WTCS had just over 34,000 students (head count) that had already attained a four-year degree. ... While many of these students valued both their four-year and two-year education, we think the state should not be required to fully subsidize this additional education. ... We propose increasing tuition to reduce the state subsidy." (p. 67)

Analysis and commentary: This proposal appears intended to reduce public subsidies and increase personal costs for individuals Sullivan has referred to in various meetings and speeches as "do-overs." Penalizing some taxpayers because they pursue additional higher education also runs counter to the universally accepted notion that we live in an era of life-long learning (and to the widely accepted notion that life-long learning is a good thing). A bachelor's degree graduate may enroll to pursue needed new skills for jobs that did not even exist when he/she was originally in college. Likewise, he or she may have originally studied in a field that is now rapidly changing or disappearing.

Other report recommendations focusing on early and better career planning seem more closely targeted than does differential tuition to solving the skills gap problem.

II. Require all students to develop an "academic career plan" (ACP) in middle school.

"Wisconsin should require (Academic Career Plans) ACPs for all students, to be integrated within five years. These plans should share a common, statewide framework. Further, ACP data should be integrated into the new statewide data system to allow the state to determine whether the plans are helping students or how the process could be improved." (pp. 68-69)

Analysis and commentary: It makes good sense to encourage more intentional and thoughtful career exploration earlier in each student's educational path. Technical colleges are able partners to help develop effective ACPs. Besides being the state's largest higher education system by enrollment, and the system focusing primarily on careers, the colleges can also leverage their deep and broad business and industry partnerships in supporting K-12 development of ACPs.

The success of this initiative will depend on many other factors including the extent to which parents and younger students see ACPs as creating helpful guidance toward opportunities, rather than perceiving them as "tracking" students or limiting family decisions for future education and future careers.

III. Develop a performance-driven funding model for education including K-12, the UW System and technical colleges.

"Wisconsin's College and Workforce Readiness Council (CWRC) should develop PBF (Performance Based Funding) formulas for K-12, WTCS, and UWS schools. CWRC should present its recommendations to the Governor and Legislature for their consideration." (p. 85)

Analysis and commentary: Some level of performance based funding (PBF) has been implemented in several states. The Sullivan report describes in balanced terms some of both the potential benefits and pitfalls of PBF. In Wisconsin, technical colleges rely on significantly less state funding than in the past, while the state continues to seek ways to assure greater accountability. In this context, the issue of performance based funding is not really about its merits. Performance and accountability are and should be everyone's concern. PBF will really be about what is measured, why it is measured, and with what level of financial consequences.

Some performance trends (enrollment, student retention) are influenced by macro economic forces unrelated to college performance. Others are universally accepted measures (student completion and post-completion employment). However, even the universally accepted measure will work or fail depending on definitions (is a person who "job outs" in her field 9 months into a 1-year diploma program a success or failure if the measure is program completion?).

The WTCS itself is likely to propose a new state budget initiative to pilot PBF. This should be piloted with limited and new state funding while appropriate measures are tested and proven.

IV. Coalesce all economic development organizations regionally. Consolidate, coordinate or administer all workforce programs through the Department of Workforce Development (DWD).

“We recommend that the 600 plus economic development organizations coalesce around the nine economic development regions.” (p. 47)

*“All workforce training programs should be consolidated, coordinated or administered by DWD to increase efficiency. ... DWD would administer six programs: (1) Transitional Jobs, (2) the Adult, Youth, and Dislocated Work (sic) Workforce Investment Act (WIA) Program, (3) FoodShare Employment and Training, (4) current Department of Corrections (DOC) workforce training programs, **(5) WTCS workforce training programs**, and (6) Wisconsin Works (W-2) currently administered by the Department of Children and Families (DCF).” (p. 60) (emphasis added)*

Analysis and commentary: The report suggests coordinating all economic development organizations and their activities through the state’s nine regional economic development organizations such as “New North,” “M(ilwaukee)7,” and Momentum West.” It is not clear the extent to which this would affect the 600 reported organizations or technical colleges themselves. Generally, technical colleges enjoy very close working relationships with each regional economic development organization now, and are central partners to their governance and initiatives. Technical colleges are the state’s original regional governments and this recommendation seems, to the extent it is outlined at this time, consistent with the college’s relationships and roles.

The report also recommends consolidation of all state workforce training programs through DWD. It is not clear the extent to which this would shift funding and direct program authority, or if such reforms would be limited to increased collaboration and coordination.

For technical colleges, “workforce training funding” as defined in the study includes Workforce Advancement Training (WAT) Grants, as well as major federal programs under the Perkins Act and Adult Education and Family Literacy (AEFL).

WAT grants are extremely successful technical college custom training services to local employers based on direct, deep and proven business-to-technical college partnerships that would be disrupted if the authority or funding was shifted.

Perkins and AEFL are the two biggest federal funding investments benefitting citizens through the technical colleges. Already-limited Perkins and AEFL funding dedicated to technical colleges is used for projects such as career pathways, expanding dual enrollment for high school students, and other collaborative initiatives. These are initiatives the report otherwise supports and encourages, but that could be de-funded and/or shifted away from technical colleges by this proposal.

There is no data or analysis in the Sullivan report demonstrating issues or problems with these current resources as dedicated to technical colleges. There is also no analysis suggesting that the investment would be better used by moving such funds or authority to DWD.

V. Create a common block of general studies core transfer credits between the WTCS and UW System. Create common course numbering between systems for these courses.

“... (W)e recommend that WTCS and UWS develop a block of basic credits that can be transferred throughout all the State’s public postsecondary schools, and any private schools that choose to participate. We further recommend the systems develop a common course numbering system for at least the courses in the common block of credits. The systems should issue an annual joint report to the legislature updating their progress.” (p. 79)

Analysis and commentary: Better student transferability and mobility has long been an issue for all higher education students moving between institutions. All technical colleges have established articulation agreements, both program-to-program and course-to-course. Five technical colleges offer liberal arts instruction in addition to occupational and technical college programs. However, many students at technical colleges offering liberal arts curriculum enroll in those liberal arts courses to meet general studies requirements for technical and occupational programs because they transfer more readily to 4-year institutions.

This proposal makes good sense to the extent it seeks to improve general studies mobility among all accredited public colleges and universities. The recommendation’s challenges, however, are in the details and in its intention. The report cites studies acknowledging that most 2-year students attend technical colleges, not UW 2-year colleges (the ratio cited is 24:1). A common core would promote better WTCS to UW mobility, which is in everyone’s interest. The report also, however, suggests that a mandatory common core would allow the technical colleges to focus more strictly on technical education, not on general studies.

It is not clear if this recommendation is aimed at changing what technical colleges teach (their longstanding mission) or simply at improved mobility.

Improving mobility is laudable. Limiting the technical colleges’ offerings is unjustified. Local boards and the state WTCS are in the best position to respond to citizen needs for the education and training they need and want. Governing college and system boards, accrediting bodies, national professional associations, local program advisory committees (for every program at every college) and expert faculty and staff working with business and industry together must continue to decide what technical colleges teach.

VI. Make students carrying less than ½ of a full time credit load eligible for state financial aid (WHEG).

Analysis and commentary: This is an excellent recommendation as a matter of policy. Many financially needy and highly committed students may take just one or two courses at a time; sometimes as a function of financial pressure and work commitments. However, implementing this policy without new resources would simply further strain already insufficient resources. All technical college WHEG funding for a year is typically exhausted by April, months before the new funding year even begins. Thousands with demonstrated need already go unfunded. Implementing this policy without new investment would exacerbate an already crisis-level funding gap for state-level need-based aid.

VII. Require the UW and WTCS to collaborate to develop “stackable” credentials such as attainment of certain skills standards focused on technical education training.

“WTCS and UWS should collaborate to develop a system of stackable credentials focusing on technical training to fill our middle-skilled job opportunities. Further, the systems should develop classes that don’t require hands-on training to be available online through the UW-Flexible Degree Program.” (p. 74)

Analysis and commentary: Through the effective use of federal resources (which the Sullivan report elsewhere suggests could be moved to or coordinated by DWD), the WTCS is a national leader in “stackable credentials.” Unfortunately, the Sullivan report fails to recognize this existing national leadership role. Just two of many examples are career ladders for adults (e.g., requiring the CNA as a precursor for more advanced nursing credentials in a seamless career ladder) and “dual enrollment” of more than 20,000 Wisconsin high school students earning high school and technical college credit each year. Technical colleges are also leaders in embracing national industry skills standards and certification such as groundbreaking Manufacturing Skills Standards Certification. Technical colleges offer tens of thousands of students instruction online each year at a rate and capacity exceeding any other state higher education system. In contrast, the UW Flexible Degree proposal is just that at this point; a proposal for future offerings. Technical colleges already offer numerous complete certificate, diploma and degree options online.

Much remains to be done and more can be done. This is a laudable recommendation in that sense. However, the report fails to acknowledge what is already being accomplished by technical colleges and how other aspects of the report could actually de-fund and derail this progress.

The Sullivan report also makes a series of recommendations addressing the skills shortage and workforce needs that do not directly (or as directly) affect technical colleges:

VIII. Make robust labor market information (LMI) software through DWD available more widely.

“Wisconsin needs real-time Labor Market Information (LMI), paid for by the state that is available to all citizens. This information should be housed at the Department of Workforce Development.” (p. 55)

Analysis and commentary: Robust labor market information (LMI) could be used to identify more thoroughly where jobs are, where they will be, and in what positions and fields job growth is occurring. This is a fair recommendation. Its ultimate value would be dependent on the strength and quality of the underlying software and the willingness of employers to participate.

IX. Develop a UW contract with students to guarantee four-year completion.

Analysis and commentary: This recommendation is made both to speed individuals to jobs and to save state tax resources. It is not clear if this recommendation is made with the understanding that the UW already offers a version of this guarantee that is little used by students. These contracts require the student to commit to completing a certain number of credits each term. Without the “contract,” a student who completes that level of credits tends to graduate in 4 years, and a student who does not complete the credits, does not.

X. Expand the UW System’s role in translating research and development into start-up companies.

Analysis and commentary: The report urges a closer connection be built between the state’s engines of invention and business creation. This is supportable and consistent with the Wisconsin Idea to better link the UW to all residents.

Some additional recommendations were offered at the report's conclusion as "other considerations" outside the main report's recommendations. These include:

XI. Increase the number of immigrants coming to Wisconsin to meet workforce needs.

Analysis and commentary: This is based on addressing the rapid aging and long-term shrinkage projected for Wisconsin's population in relation to workforce needs. This is, of course, a complex issue both in terms of its relation to national policy and because it tends to be politically charged.

XII. Reform state tax policy to reduce income and property taxes and increase "consumption" (sales) taxes.

Analysis and commentary: This is presented in an overall "revenue-neutral" way (decreased taxes match any increase). It is intended to have the state consider how being a high-tax state for property and income relative to being a low-tax state for consumption (sales tax) could limit business growth and business location decisions.

XIII. Use Unemployment Compensation Insurance to fund worker training.

Analysis and commentary: The report suggests that as the economy improves and unemployment insurance (UI) payments by employers can be reduced, a .02% assessment be set aside for future worker training. This system is in practice in many states.

Conclusion

The Sullivan report is a sprawling and ambitious set of assertions, assumptions and recommendations about education, job training, workforce needs, and other aspects of Wisconsin life from taxes to immigration. It contains a number of ideas worth discussing. It also contains a number of elements that professionals in the state's educational and workforce systems will question or dispute. This summary of the Sullivan report touches on many of the recommendations but barely scratches the surface of its underlying assertions and assumptions leading to those recommendations. A close reading of the entire 125-page document is recommended before an individual reaches his/her own conclusions about Mr. Sullivan's opinions.

In considering whether any of the Sullivan report's recommendations should be implemented, the dialog about doing so will benefit from more and better data, context, and facts. It will also benefit from expanding the report's individual vision to include the ideas of leading Wisconsin educators, workforce and economic development professionals and other Wisconsinites from parents to state policy makers themselves.

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