

05hr\_SC-VHSMASBGR\_sb0152\_pt01



(FORM UPDATED: 08/11/2010)

WISCONSIN STATE LEGISLATURE ...  
PUBLIC HEARING - COMMITTEE RECORDS

2005-06

(session year)

Senate

(Assembly, Senate or Joint)

Committee on ... Veterans, Homeland Security,  
Military Affairs, Small Business and Government  
Reform (SC-VHSMASBGR)

**COMMITTEE NOTICES ...**

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

**INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL**

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)  
(**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)  
(**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

## Senate

### Record of Committee Proceedings

#### **Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform**

##### **Senate Bill 152**

Relating to: an education tax credit for businesses.

By Senators Darling, Olsen, Harsdorf, Leibham, Stepp, Brown and Kanavas; cosponsored by Representatives Jensen, Kleefisch, Nischke, Ward, Jeskewitz, Townsend, Pettis, Bies, Hahn, Ainsworth, Musser, Vos, Davis, Suder, Kreibich, Mursau, Pridemore, LeMahieu, Ballweg, Lamb, F. Lasee, Nass, Moulton, Petrowski, Shilling, Gard, Vrakas, Strachota, J. Fitzgerald, Hines, Nerison and Seidel.

March 30, 2005      Referred to Committee on Veterans, Homeland Security, Military  
Affairs, Small Business and Government Reform.

April 21, 2005      **PUBLIC HEARING HELD**

Present:    (5)      Senators Brown, Zien, Kanavas, Breske and  
Wirch.

Absent:    (0)      None.

##### Appearances For

- Alberta Darling — State Senator, 8th Senate District
- Morna Foy, Madison — Wisconsin Technical College System
- David Dies, Madison — Educational Approval Board
- Don Nelson — University of Wisconsin - Madison
- Don Madelung, Windsor — Herzing College and Wisconsin Council for Independent Education
- Margaret Lewis, Madison — University of Wisconsin System

##### Appearances Against

- None.

##### Appearances for Information Only

- None.

##### Registrations For

- Ron Kuehn, Madison — Wisconsin Biotech and Medical Device Association
- Chris Huff, Brookfield — University of Phoenix
- Charlie Hoslet — University of Wisconsin - Madison

- Tony Driessen, Milwaukee — Wisconsin Council for Independent Education
- Tim Hunt, West Allis — Upper Iowa University
- Peter Pavone, Milwaukee — Bryant and Stratton College
- Donald Clauser, Brookfield — Ottawa University of Brookfield
- Paul Nelson, Madison — Wisconsin Association of Independent Colleges

Registrations Against

- None.

November 28, 2005 **EXECUTIVE SESSION HELD\***  
**\* - POLLING**

Moved by the Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform that **Senate Amendment 1 (LRBa1549/1)** be recommended for adoption.

Ayes: (5) Senators Brown, Zien, Kanavas, Breske and Wirch.

Noes: (0) None.

**ADOPTION OF SENATE AMENDMENT 1 (LRBA1549/1)**  
**RECOMMENDED, Ayes 5, Noes 0**

Moved by the Committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform that **Senate Bill 152** be recommended for passage as amended.

Ayes: (5) Senators Brown, Zien, Kanavas, Breske and Wirch.

Noes: (0) None.

**PASSAGE AS AMENDED RECOMMENDED, Ayes 5, Noes 0**




---

Daniel Lindstedt  
 Committee Clerk

**SENATE BILL 152 (LRB -1748)**

An Act to amend 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2) (a) 10. and 77.92 (4); and to create 71.07 (5r), 71.10 (4) (cd), 71.28 (5r), 71.30 (3) (dm), 71.47 (5r) and 71.49 (1) (dm) of the statutes; relating to: an education tax credit for businesses.

**2005**

- 03-30. S. Introduced by Senators **Darling, Olsen, Harsdorf, Leibham, Stepp, Brown and Kanavas**; cosponsored by Representatives **Jensen, Kleeffisch, Nischke, Ward, Jeskewitz, Townsend, Pettis, Bies, Hahn, Ainsworth, Musser, Vos, Davis, Suder, Kreibich, Mursau, Pridemore, LeMahieu, Ballweg, Lamb, F. Lasee, Nass, Moulton, Petrowski, Shilling, Gard, Vrakas, Strachota, J. Fitzgerald, Hines, Nerison and Seidel.**
- 03-30. S. Read first time and referred to committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform ..... 139
- 04-11. S. Fiscal estimate received.
- 04-15. S. Fiscal estimate received.
- 04-21. S. Public hearing held.
- 11-23. S. Senate amendment 1 offered by Senator Darling (**LRB a1549**) ..... 463
- 11-28. S. Executive action taken.
- 11-28. S. Report adoption of Senate Amendment 1 recommended by committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform, Ayes 5, Noes 0 ..... 464
- 11-28. S. Report passage as amended recommended by committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform, Ayes 5, Noes 0 ..... 464
- 11-28. S. Available for scheduling.
- 11-28. S. Withdrawn from committee on Senate Organization and rereferred to joint committee on Finance, pursuant to Senate Rule 46 (2)(c) ..... 464
- 11-30. S. Executive action taken.
- 12-05. S. Report adoption of Senate Amendment 1 recommended by joint committee on Finance, Ayes 14, Noes 1 .. 473
- 12-05. S. Report passage as amended recommended by joint committee on Finance, Ayes 11, Noes 4 ..... 473
- 12-05. S. Available for scheduling.

**2006**

- 05-11. S. Failed to pass pursuant to Senate Joint Resolution 1 ..... 853

## ANALYSIS: SENATE BILL 152

- This bill creates an income tax and franchise tax credit for businesses that pay tuition for an individual to attend a university, college, or technical college.
- Sole proprietorships, corporations, and insurers may claim the credit. Partnerships, limited liability companies, and tax-option corporations compute the credit but pass it on to the partners, members, and shareholders in proportion to their ownership interests.
- The credit is an amount equal to:
  - 1) 50 percent of the tuition paid by a business for an individual to attend school in a taxable year, if the individual is enrolled in a degree-granting program; and
  - 2) 75 percent of the tuition paid by a business for an individual to attend school in a taxable year, if the individual is enrolled in a degree-granting program and if the individual's taxable income is not more than 185 percent of the federal poverty line.
- If the credit claimed by a business exceeds the business's tax liability, the state will not issue a refund check, but the business may carry forward any remaining credit to subsequent taxable years.

**MOTION**

Recommend Senate Amendment 1 (LRBa1549/1) to Senate Bill 152, relating to: an education tax credit for businesses, for adoption.

Aye   x  

No           

Signature

A handwritten signature in cursive script, appearing to read "Ron Brown", written over a horizontal line.

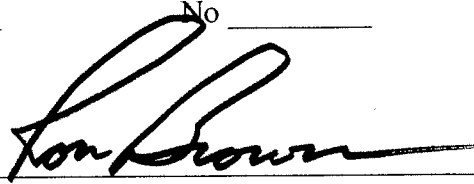
Senator Ron Brown

**MOTION**

Recommend Senate Bill 152, relating to: an education tax credit for businesses, for passage as amended.

Aye   x   No           

Signature

  
\_\_\_\_\_  
Senator Ron Brown

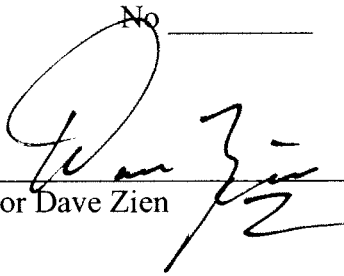
**MOTION**

Recommend Senate Amendment 1 (LRBa1549/1) to Senate Bill 152, relating to: an education tax credit for businesses, for adoption.

Aye           

No           

Signature

  
\_\_\_\_\_  
Senator Dave Zien



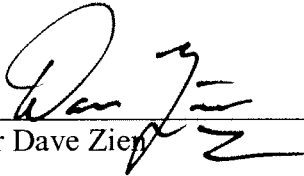
**MOTION**

Recommend Senate Bill 152, relating to: an education tax credit for businesses, for passage as amended.

Aye ✓

No \_\_\_\_\_

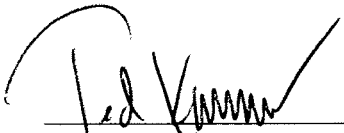
Signature

  
\_\_\_\_\_  
Senator Dave Zien

**MOTION**

Recommend Senate Amendment 1 (LRBa1549/1) to Senate Bill 152, relating to: an education tax credit for businesses, for adoption.

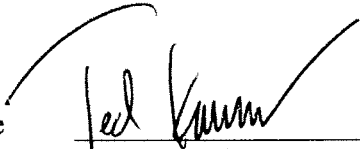
Aye X No \_\_\_\_\_

Signature  \_\_\_\_\_  
Senator Ted Kanavas

**MOTION**

Recommend Senate Bill 152, relating to: an education tax credit for businesses, for passage as amended.

Aye X No \_\_\_\_\_

Signature   
Senator Ted Kanavas

**MOTION**

Recommend Senate Amendment 1 (LRBa1549/1) to Senate Bill 152, relating to: an education tax credit for businesses, for adoption.

Aye   X  

No           

Signature



\_\_\_\_\_  
Senator Roger Breske

**MOTION**

Recommend Senate Bill 152, relating to: an education tax credit for businesses, for passage as amended.

Aye   X  

No           

Signature

*Roger Breske*

\_\_\_\_\_  
Senator Roger Breske

**MOTION**

Recommend Senate Amendment 1 (LRBa1549/1) to Senate Bill 152, relating to: an education tax credit for businesses, for adoption.

Aye   X  

No           

Signature           Bob Wirch            
Senator Bob Wirch

**MOTION**

Recommend Senate Bill 152, relating to: an education tax credit for businesses, for passage as amended.

Aye X

No \_\_\_\_\_

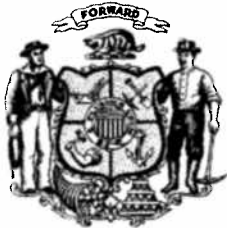
Signature

*Bob Wirth*

\_\_\_\_\_  
Senator Bob Wirth



# WISCONSIN STATE LEGISLATURE







---

## WISCONSIN LEGISLATIVE COUNCIL

---

*Terry C. Anderson, Director  
Laura D. Rose, Deputy Director*

TO: SENATOR ALBERTA DARLING  
FROM: Mary Offerdahl, Staff Attorney  
RE: Summary of 2005 Senate Bill 152, Relating to an Education Tax Credit for Businesses  
DATE: April 19, 2005

This memorandum responds to a request from your staff for a summary of 2005 Senate Bill 152, relating to an education tax credit for businesses (Senate Bill 152). Senate Bill 152 creates an education tax credit that a "claimant" (defined as a sole proprietor, a partner, a member of a limited liability company, a shareholder of a tax-option corporation, or a corporation) may claim against the claimant's income tax (or alternative minimum tax) if the claimant pays the tuition of an individual enrolled in a degree-granting program at a "qualified postsecondary institution." A claimant that is a partner, member of a limited liability company, or shareholder of a tax-option corporation claims the credit in proportion to his or her ownership interest in the business. The bill defines "qualified postsecondary institution" to include a University of Wisconsin System institution, a technical college system institution, a regionally accredited four-year nonprofit college or university having its regional headquarters and principal place of business in Wisconsin, or a school approved by the Educational Approval Board under s. 45.54, Stats., if the delivery of education occurs in this state.

The education tax credit is generally 50% of the qualified tuition that the claimant paid or incurred for the individual during the taxable year. However, it is 75% if the individual's taxable income (or, if the individual is claimed as a dependent on another person's tax return, the taxable income of the person on whose return the individual is claimed as a dependent) in the year prior to beginning the program was not more than 185% of the federal poverty line. If the credit claimed by a business exceeds the business's tax liability, it is not refundable, but the business could carry forward the unused credit to subsequent taxable years to offset future tax liability.

### **Certification Requirements**

No education tax credit is allowed unless the claimant certifies to the Department of Revenue that the claimant will not be reimbursed for any amount of tuition for which the claimant claims an education tax credit.

Additional written certification requirements for the claimant's tax return depend on whether 50% or 75% of the tuition that the claimant paid or incurred during the taxable year is claimed as an education tax credit. If 50% of the qualified tuition during the taxable year is claimed, then no education tax credit is allowed unless the claimant's tax return includes written certification from a qualified postsecondary institution concerning the amount of tuition that the claimant paid or incurred during the taxable year for an individual to participate the education program.

If 75% of the qualified tuition during the taxable year is claimed, then no education tax credit is allowed unless the claimant's tax return includes the following two written certifications:

- Written certification from a qualified postsecondary institution concerning the amount of tuition that the claimant paid or incurred during the taxable year for an individual to participate in the education program (the same certification required if 50% of the qualified tuition is claimed).
- Written certification from a qualified postsecondary institution that the taxable income of the individual, for whom the claimant has paid or incurred tuition during the taxable year for the individual to participate in the education program, is not more than 185% of the poverty line.

### **Department of Revenue Report**

Senate Bill 152 requires the Department of Revenue to submit a report to the Legislature, on a biennial basis, that identifies each qualified postsecondary institution for which it has received written certification from a claimant (see the description of required written certifications described above). The report must specify the total amount of the tuition for each such institution that is claimed as an education tax credit in the previous biennium.

### **Family Members**

An education tax credit is allowed for tuition for a family member (defined as a spouse or individual related by blood, marriage, or adoption within the third degree of kinship) of a claimant or managing employee (defined as an individual who wholly or partially exercises operational or managerial control over, or who directly or indirectly conducts, the operation of the claimant's business), if all of the following apply:

- The family member was employed an average of at least 20 hours a week by the claimant or the claimant's business during the one-year period prior to participating in the education program.
- The family member is enrolled in, and making satisfactory progress towards completing, a degree-granting program that is substantially related to the claimant's business.

If you have any questions, please feel free to contact me directly at the Legislative Council staff offices.

MO:jal

SB152

SENATE BILL 152

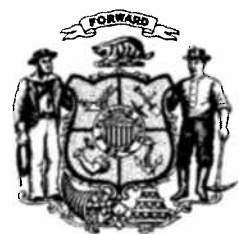
An Act to amend 71.05 (6) (a) 15., 71.21 (4), 71.26 (2) (a), 71.34 (1) (g), 71.45 (2) (a) 10. and 77.92 (4); and to create 71.07 (5r), 71.10 (4) (cd), 71.28 (5r), 71.30 (3) (dm), 71.47 (5r) and 71.49 (1) (dm) of the statutes; relating to: an education tax credit for businesses. (FE)

2005

- 03-30-05. S. Introduced by Senators Darling, Olsen, Harsdorf, Leibham, Stepp, Brown and Kanavas; cosponsored by Representatives Jensen, Kleefisch, Nischke, Ward, Jeskewitz, Townsend, Pettis, Bies, Hahn, Ainsworth, Musser, Vos, Davis, Suder, Kreibich, Mursau, Pridemore, LeMahieu, Ballweg, Lamb, F. Lasee, Nass, Moulton, Petrowski, Shilling, Gard, Vrakas, Strachota, J. Fitzgerald, Hines, Nerison and Seidel.
- 03-30-05. S. Read first time and referred to committee on Veterans, Homeland Security, Military Affairs, Small Business and Government Reform. . . . . 139
- 04-11-05. S. Fiscal estimate received.
- 04-15-05. S. Fiscal estimate received.



# WISCONSIN STATE LEGISLATURE





Testimony on SB 152  
Education Tax Credits for Businesses  
before the Senate Committee on Veterans, Homeland Security, Military Affairs,  
Small Business and Government Reform  
April 21, 2005

Morna Foy  
Wisconsin Technical College System

Senator Brown and members of the Committee, thank you for the opportunity to provide testimony regarding SB 152. My name is Morna Foy and I am here representing Dan Clancy, President of the WTCS. Mr. Clancy sends his apologies for not being able to attend today's hearing.

The WTCS supports efforts to make education and training opportunities available to more Wisconsin residents. Human capital investment is critical to improve and strengthen Wisconsin's economy and the support of our business partners is essential to this investment. In the 2003-04 school year, employers paid the tuition of more than 25,000 technical college students. The committee should keep in mind that these numbers only include students for whom the employer paid the technical college directly. They do not include students who participated in more traditional employer-sponsored tuition reimbursement programs where the student pays the tuition to the technical college and receives reimbursement from their employer upon successful completion of the coursework.

Although SB 152 offers an important incentive for businesses to invest in needed education and training opportunities, the requirement in the bill that postsecondary institutions certify the taxable income of individuals may create administrative difficulties. Unless an individual applies for financial aid, our colleges do not collect student income information. Since many WTCS students are enrolled part-time, taking one or two courses in a semester, they are not eligible for financial aid. In the 2003-04 school year, WTCS colleges enrolled 135,000 individuals in associate degree programs, but only an estimated 20-25% of these students received student financial aid. As a result, WTCS colleges are likely to not have access to the information necessary to certify income levels that determine the tuition tax credit for which businesses are eligible.

To ensure that businesses receive the tax credit to which they are entitled, we ask that the Legislature consider amending SB 152 to address the issue of income certification. It would appear more appropriate that at the time a business submits a claim for the tax credit, the business identify the individuals whose tuition they paid, including their tax identification numbers. The Department of Revenue could then confirm the taxable income levels of the individuals.

---

Daniel Clancy, President

345 West Washington Ave. - 2<sup>nd</sup> Floor PO Box 7874 Madison, Wisconsin 53707-7874 608.266.1207  
TTY: 608.267.2483 Fax: 608.266.1690 e-mail: info@wtcsystem.edu  
www.wtcsystem.edu www.witechcolleges.com

While we believe that investments in education, such as the proposed tuition tax credit for businesses, can lead to higher wages and, therefore, higher state tax collections, the WTCS is also concerned about the annual fiscal estimate of \$20.6 million in decreased revenue to the general fund as a result of this proposed credit.

Given the state's limited resources, we are concerned that the cost of this credit could make it difficult to fund other equally important programs that improve access to education and training opportunities. The state's student financial aid programs, especially WHEG grants for WTCS students, are considerably under-funded and have not met the demand for aid in several years. The unmet financial need of Wisconsin postsecondary students is significant; WTCS students have an unmet need equal to 40% of their cost of attending college.

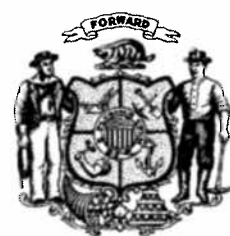
Significant unmet financial need for students who need this assistance the most can result in students who are more likely to incur greater debt, work multiple jobs and take fewer classes at one time, which further reduces their eligibility for financial aid and may prolong the time to graduation and decrease the likelihood that they will graduate.

The WTCS believes the tax credit proposed in SB 152 should encourage more Wisconsin employers to provide tuition assistance to individuals to encourage those individuals to upgrade existing skills and acquire new skills and knowledge. We support this proposal as a component of Wisconsin's overall investment in, and commitment to, improving the educational and career opportunities of its citizens.

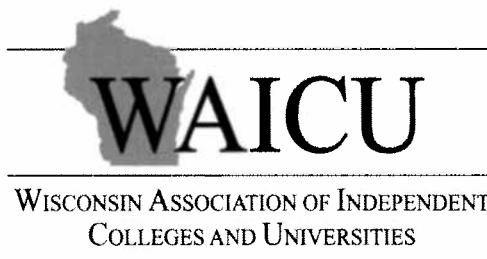
Thank you for the opportunity to comment on this proposal. I would be happy to answer any questions.



# WISCONSIN STATE LEGISLATURE



ALVERNO COLLEGE  
BELOIT COLLEGE  
CARDINAL STRITCH UNIVERSITY  
CARROLL COLLEGE  
CARTHAGE COLLEGE  
CONCORDIA UNIVERSITY  
EDGEWOOD COLLEGE  
LAKELAND COLLEGE  
LAWRENCE UNIVERSITY  
MARIAN COLLEGE



MARQUETTE UNIVERSITY  
MILWAUKEE INSTITUTE OF ART & DESIGN  
MILWAUKEE SCHOOL OF ENGINEERING  
MOUNT MARY COLLEGE  
NORTHLAND COLLEGE  
RIPON COLLEGE  
ST. NORBERT COLLEGE  
SILVER LAKE COLLEGE  
VITERBO UNIVERSITY  
WISCONSIN LUTHERAN COLLEGE

## **SENATE COMMITTEE ON VETERANS, HOMELAND SECURITY, MILITARY AFFAIRS, SMALL BUSINESS AND GOVERNMENT REFORM**

### TESTIMONY

by

Paul Nelson, Vice President for Public Policy  
Wisconsin Association of Independent Colleges and Universities  
on

### **2005 Senate Bill 152**

April 21, 2005

Chairman Brown and members of the committee, my name is Paul Nelson. I am the Vice President for Public Policy for the Wisconsin Association of Independent Colleges and Universities (WAICU), representing the 20 private, or independent, colleges of Wisconsin. Dr. Rolf Wegenke, WAICU's president, was one of the early supporters of an education tax credit. He was called out of town and could not be here today.

I am here today speaking in support of Senate Bill 152. This legislation has the unanimous endorsement of the WAICU Board (the 20 college and university presidents). Versions of this bill have been passed by the full Assembly with bipartisan support in two previous sessions of the Legislature but were never scheduled for full Senate consideration. After more than six years of effort, the time has come to enact an Education Tax Credit.

As you know, SB 152 provides Wisconsin employers with a tax credit equal to 50 percent of the tuition they may pay for any individual to attend a public or private college, university, technical college, or a school approved by the Educational Approval Board. The credit rises to 75 percent for tuition paid for individuals whose incomes are at or below 185 percent of poverty.

Today's Knowledge Economy is dependent for success on an educated citizenry. Education itself can no longer be seen as only a part of the infrastructure or as a means to an end. Rather, education is an economic cluster, a generator of wealth, and an export industry. Education—specifically higher education—is a key predictor of personal income. State per capita personal income is largely determined by the proportion of each state's population age 25 and over that has at least a bachelor's degree from college. In order to thrive in the Knowledge Economy, Wisconsin must attract and retain an educated workforce.



Unfortunately, Wisconsin is in danger of being left behind in the Knowledge Economy. According to the U.S. Census, Wisconsin's ranking among all states has declined from 32nd place in 2001 to 35th place in 2003 in the percentage of its population with college degrees. If Wisconsin could raise the percentage of its population with college degrees just to the national average, our state would add \$7 billion to its tax base. Furthermore, Wisconsin does not have enough workers to keep it positioned for leadership in the Knowledge Economy. To solve this problem, Wisconsin needs to increase the total number of knowledge workers. The Education Tax Credit provides the best tool to accomplish these objectives.

First of all, I believe that "if you build it, they will come." Wisconsin must not make the mistake of waiting until our state has the knowledge-based businesses in order to increase our college-educated population. On the contrary, we need to provide incentives to increase the state's supply of knowledge workers in order to attract knowledge-based businesses in the first place. This strategy mirrors the state's successful efforts to promote manufacturing growth in the 1980s through the machinery and equipment (M&E) tax exemption. A study conducted by the Wisconsin Department of Development in 1982 demonstrated that the M&E exemption stimulated growth of the manufacturing sector. The Education Tax Credit will have a similar direct, positive impact on the growth of knowledge-based industries.

If government invests in the supply of knowledge workers, Wisconsin will be well positioned for the Knowledge Economy. According to researchers, most college and university graduates end up employed within 125 miles of the institution in which they enrolled. Wisconsin's private colleges have 210,000 alumni living and working in this state. Approximately 40 percent of the first-time, first-year students in a private college or university are from out of state, and 30 percent of them stay here after graduation, making Wisconsin's private colleges and universities net importers of knowledge workers to this state. Students who come here to develop high-level skills at both public and private colleges and universities, at technical colleges, and at EAB-approved schools are more likely to stay here to employ their brains in Wisconsin's economy. The CEO of Hewlett-Packard has said, "Keep your . . . highway interchanges; we will go where the highly skilled people are." We cannot expect businesses to expand in Wisconsin unless we grow our supply of educated knowledge workers. Smokestack chasing—i.e., relying on industries to relocate as the primary means of economic development—has largely been discredited. Most economic development will be "home grown," but this growth will not take place unless we expand our supply of knowledge workers.

Second, Wisconsin needs to expand educational opportunity for all. A recent study published in *Postsecondary Education Opportunity* indicates that Wisconsin has had **declining** participation in higher education by low-income families for over a decade. The wisdom of this bill's authors in granting a larger credit when tuition is paid for low-income individuals is vindicated.

Third, employers, not government, should determine what fields of study will drive the economy. Government is ill suited to make decisions about the kind of investments needed in education

because it is difficult to predict exactly what kind of knowledge workers will be needed in the future. No one has a crystal ball with sufficient clarity. Half of the jobs this year's college freshmen will hold when they graduate in four years do not yet exist. Should Wisconsin invest in more microbiologists? More computer scientists? More teachers? More healthcare workers? More welders? Should students attend a public or private college or university, or a technical college? The Education Tax Credit lets the marketplace and the students decide. The reality is we need highly trained and educated workers of all kinds. It makes no sense to pit one sector against the others. For example, Quad Graphics employs thousands of printers, many of whom received their training at a Wisconsin technical college; but the company also employs over 500 scientists and engineers who hold four-year degrees (and higher).

I want to make it clear that WAICU members have the demonstrated capacity to produce college graduates in fields where Wisconsin has critical shortages. Our 56,000 students constitute only 25 percent of the state's total four-year college enrollments, but nonetheless we produce:

- 44 percent of the state's graduates with degrees in business fields
- 49 percent of the 4-year degree nurses
- 60 percent of the reading teachers
- 55 percent of the math teachers

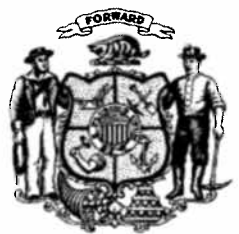
Senate Bill 152 provides an incentive for private sector employers to do more to invest in students. Moreover, this legislation does not put the entire burden on the taxpayers. The credit would equal only a portion (50 percent to 75 percent) of the tuition paid. While the credit will initially have an impact on state revenue collections, the impact will be offset by the return on the investment in worker productivity and in personal income growth. This is exactly the kind of public-private partnership for which Wisconsin is famous.

For all of these reasons, we consider Senate Bill 152 one of the most creative and most promising ways to help Wisconsin into the future.

I would be happy to answer any questions.



# WISCONSIN STATE LEGISLATURE



FORWARD

# Alberta Darling

## Wisconsin State Senator

Joint Committee on Finance

**Testimony before the Senate Committee on Homeland Security, Veterans and  
Military Affairs and Government Reform  
SB 152 – Education Tax Credit  
April 21, 2005**

Thank you, Chairman Brown and members of the Committee for scheduling this bill for a public hearing, and for allowing me the opportunity to testify on its behalf. I am Senator Alberta Darling, the co-author of this bill with Representative Scott Jensen.

Senate Bill 152 should be considered a major piece of our past and current legislative “jobs agenda” to help boost the state’s economy by increasing the amount of Wisconsin workers who have earned two and four year degrees. SB 152 will provide Wisconsin employers a credit equal to 50 percent of tuition paid at any Wisconsin college, university, or technical college. Tuition could be paid for current or prospective employees. The credit would rise to 75 percent of tuition paid for low-income individuals at 185% of the federal poverty level. In contrast to direct state tuition assistance programs, each state dollar of tax credit in this program will leverage another dollar in tuition assistance from the private sector.

Qualified businesses include corporations, insurers, partnerships, limited liability corporations, sole proprietorships and tax-option companies. The list of groups who have endorsed this initiative is also long and impressive. They include Wisconsin Manufacturers and Commerce, UW – System, UW United Council of Students, Wisconsin Association of Independent Colleges and Universities, Wisconsin Technical College System, and the Wisconsin Technology Council. The Wisconsin State Journal newspaper also endorsed the concept in a past editorial.

At this time, this bill is identical to the 2003 Senate Bill 268 which this committee unanimously voted for last session. It is also important to note that DOR has again indicated they would like to see some changes to the current bill draft. I am supportive of their efforts to strengthen the bill, and I will be receptive to friendly amendments some of the ideas requested by DOR

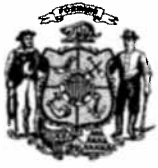
In the old economy, prosperity came from gaining a competitive advantage in land, labor or financial capital. Wisconsin must strive to create the best and the brightest workplace in the world and I believe we are making strides despite our painful budget situation. Providing tax incentives to employers to fund the continuing education and the skilled trades training of their workers is one of the most effective and cost efficient ways to ensure our workforce is able to adapt to the rapid changes in the high-tech economy of the next century.

Thank you for your time today and for allowing me the opportunity to testify today. I would be happy to answer any questions you may have.



# WISCONSIN STATE LEGISLATURE





**STATE OF WISCONSIN  
EDUCATIONAL APPROVAL BOARD**

---

**SENATE BILL 152  
EDUCATION TAX CREDIT**

TESTIMONY  
by David C. Dies, Executive Secretary  
Educational Approval Board

Committee on Veterans, Homeland Security, Military Affairs,  
Small Business and Government Reform

April 21, 2005

Good afternoon. Mr. Chairman and members of the committee, my name is David Dies and I am the executive secretary for the state's Educational Approval Board.

For those of you who may be unfamiliar with the EAB, it is an independent state agency responsible for protecting Wisconsin students by regulating for-profit colleges and schools; out-of-state, non-profit colleges and universities; and in-state, non-profit institutions incorporated after 1991.

We currently oversee 137 institutions serving more than 30,000 adults annually in 600 or so degree and non-degree programs. When asked, I tend to say we regulate everything from pet grooming to Ph.D.s. Some examples of the schools we regulate include: IT, truck driving, massage therapy; Herzing College and Phoenix University; Upper Iowa University and Robert Welch University.

My purpose for being here today is to express support for SB 152. Of the 137 institutions we approve, 40 are accredited degree-granting colleges or universities. Under the bill, 21 of these 40 colleges and universities would meet the definition of a qualified postsecondary institution, which means they are schools approved by the EAB and the delivery of education occurs in the state of Wisconsin.

As you may know, the EAB is statutorily responsible for protecting students. One way in which we do this is by regulating institutions that serve students. However, the other way in which we protect students is by advocating for public policy that supports student choice and enhanced opportunities.

In fact, the strategic plan adopted by the board specifically includes a strategic goal of enhancing the educational choices for students. Senate Bill 152 does this by allowing students to pursue their education at any qualified postsecondary institution, including those degree-granting institutions approved by the EAB and in which the delivery of education occurs in the state.

Based on the demographic profile of students who attend EAB-approved schools, this proposal will be particularly beneficial for working adults who are attending such institutions as Upper Iowa University, Herzing College, the University of Phoenix, Aurora University, Madison Media Institute, Bryant & Stratton College, ITT Technical Institute, Capella University and Walden University.

I would be happy to answer any questions you may have.







## TESTIMONY IN SUPPORT OF SENATE BILL 152

CHARLES HOSLET  
MANAGING DIRECTOR OF CORPORATE RELATIONS  
UW-MADISON  
April 21, 2005

I appreciate the opportunity to submit written testimony in support of Senate Bill 152. Unfortunately I am not able to attend today's hearing, but I do want to convey UW-Madison's support for this legislation, which will create new educational opportunities for Wisconsin students and will contribute to Wisconsin's ability to retain students. This legislation is an important component of a 'brain gain' strategy.

Employers and students both gain when an employer is willing to pay for the cost of higher education. Taxpayers gain because this approach leverages private dollars as financial aid for students.

One of the challenges Wisconsin faces in growing its economy is the low per capita income of our residents. In 2001 our per capita income was more than \$1,000 below the national average, ranking 21<sup>st</sup> in the country. Minnesota by comparison ranked 9<sup>th</sup> in the country, with a per capita income of almost \$3,000 above the national average. There is a correlation between per capita income and educational attainment. Wisconsin ranks 31<sup>st</sup> in the country in people with 4 year degrees; less than 24% of Wisconsinites age 25 or older have a college degree. In Minnesota more than 31% of people age 25 or older have a college degree, ranking them 7<sup>th</sup> in the country. I think it is well understood that if we can increase the number of people with higher education degrees in this state, we will increase the per capita income. Using the 2001 data, if our per capita income was at the national average, it would generate an additional \$460 million in tax revenues without doing anything else. And I'm pretty sure the Legislature is looking for some additional revenues right now.

This bill will also help meet the demand for continuing education, whether it be at the technical college or university level. One of the things I have learned since working more closely with businesses in the state is that the need for our workforce to receive continuing education and professional development in their fields has never been more important. Our Office of Corporate Relations – which serves as a single point of contact for businesses in Wisconsin that want to access the many resources of the university – has received a lot of calls and e-mails from business owners looking for courses and programs to which they can send their employees for

Office of the Chancellor

Bascom Hall University of Wisconsin-Madison 500 Lincoln Drive Madison, Wisconsin 53706-1380

updated training and education. Advances in technology alone – which affects every industry – make it critical for businesses to be sure their employees are trained in the latest processes and equipment if they are to stay competitive. A perfect example of this is in engineering; the knowledge and techniques learned by students who graduate from UW-Madison this year will be obsolete in three to seven years, depending on their field of expertise. If they are not able to get updated training and education they are of no value to their employers.

I recognize that there is a cost to this bill. The Department of Revenue estimates that this bill would decrease revenue by approximately \$20 million annually, but as I illustrated above tax payments from individuals with higher incomes would more than offset this. The difference between a high school degree and a Bachelor's degree generates \$1,250 in additional income taxes annually.

Again, thank you for the opportunity to share my comments in support of Senate Bill 152. If you have any questions, please call me at 608/263-5044.