

Vote Record

Senate Committee on Economic Development, Housing and Government Operations

Date: 2-29-08
Moved by: 244 Wirch Seconded by: Drz
AB: _____ Clearinghouse Rule: _____
AB: _____ SB: _____ Appointment: _____
AJR: _____ SJR: _____ Other: _____
A: _____ SR: _____

A/S Amdt: _____
A/S Amdt: _____ to A/S Amdt: _____
A/S Sub Amdt: _____
A/S Amdt: _____ to A/S Sub Amdt: _____
A/S Amdt: _____ to A/S Amdt: _____ to A/S Sub Amdt: _____

Be recommended for:

- Passage
- Introduction
- Adoption
- Rejection

- Indefinite Postponement
- Tabling
- Concurrence
- Nonconcurrence
- Confirmation

Committee Member

- Sen. Robert Wirch, Chair
- Sen. Gwendolynne Moore
- Sen. Richard Grobschmidt
- Sen. Gary Drzewiecki
- Sen. David Zien

| <u>Aye</u> | <u>No</u> | <u>Absent</u> | <u>Not Voting</u> |
|-------------------------------------|--------------------------|--------------------------|--------------------------|
| <input checked="" type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |
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| <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> | <input type="checkbox"/> |

Totals: _____

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/29/00

BILL NO. AB 244

OR
SUBJECT _____

Rep. Cloyd Porter
(NAME)

309 North Capitol
(Street Address or Route Number)

(City and Zip Code)

66th Assembly District
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/29/00

BILL NO. AB 244

OR
SUBJECT _____

Rep. John Steinbrink
(NAME)

802 88th Av.
(Street Address or Route Number)

(City and Zip Code)

Pleasant Prairie, WI 53158
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/29/00

BILL NO. AB-244

OR
SUBJECT _____

PAUL GABRIEL
WI TECHNICAL COLLEGE
DISTRICT BOARDS ASSN
(NAME)

22 N. CARROLL #103
(Street Address or Route Number)

(City and Zip Code)

MADISON, WI 53703
TECH COLLEGE Bd MEMBERS
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
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Registering Against:
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(Please Print Plainly)

DATE: 2/29/00
BILL NO. AB 244
OR
SUBJECT _____

Jim Hansen
(NAME)
3505-19th Ave
(Street Address or Route Number)
Lebanon WI 53024
(City and Zip Code)
Lebanon WI 53024
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
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DATE: 2/29/00
BILL NO. AB 244
OR
SUBJECT _____

James E. Hough
(NAME)
10 East Doty St., Suite 500
(Street Address or Route Number)
Madison, WI 53203
(City and Zip Code)
Wis. Economic Development Assoc
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
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SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/29/2000
BILL NO. A.B 244
OR
SUBJECT Corporate Welfare

Rep Frank Boyle
(NAME)
Superior
(Street Address or Route Number)
(City and Zip Code)
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
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Only if you need me!

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Madison, WI 53707-7882

266-0649

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2-29-00

BILL NO. AB 244
OF

SUBJECT _____

Bill Reid
(NAME)

756 N. Milwaukee St.
(Street Address or Route Number)

Milwaukee 53202
(City and Zip Code)

NMAC
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

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only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/29/2000

BILL NO. AB 244
OF

SUBJECT _____

Matthew Lute
(NAME)

122 State St. #500
(Street Address or Route Number)

Madison WI 53703
(City and Zip Code)

United Council of UW Students
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

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only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/29/00

BILL NO. AB 244
OF

SUBJECT _____

Jean Hansen
(NAME)

501 E. Washington
(Street Address or Route Number)

Madison, WI 53703
(City and Zip Code)

WMC
(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

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only; Neither for nor against:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/29/00

BILL NO. AB244

OF

SUBJECT _____

JOE DAVIS

(NAME)

445 Sidney Street

(Street Address or Route Number)

MADISON 53703

(City and Zip Code)

Educational Approval Board

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/29/00

BILL NO. AB244

OF

SUBJECT _____

DR. ROUF WEGENKE

(NAME)

16 N. CARROLL ST #202

(Street Address or Route Number)

MADISON, WI 53703

(City and Zip Code)

WI ASSN OF INDEPENDENT COLLEGS

(Representing) AND UNIVERSITIES

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

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P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: FEB 29, 2000

BILL NO. AB244

OF

SUBJECT _____

Joe Andrea

(NAME)

2405-45th St.

(Street Address or Route Number)

Kenosha, Wisc.

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 7/29/2000

BILL NO. AB224A
OF

SUBJECT Jessica Tormey on behalf
of Senator Darling
(NAME)

(Street Address or Route Number)

(City and Zip Code)

(Representing)

Speaking in Favor:

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

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P.O.Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2-29-00

BILL NO. AB 244
OF

SUBJECT _____
Rep. Kitty Rheades
(NAME)

(Street Address or Route Number)

(City and Zip Code)

(Representing) only if
30th Assembly

Speaking in Favor: REP:
Jensen isn't here

Speaking Against:

Registering in Favor:
but not speaking:

Registering Against:
but not speaking:

Speaking for information only; Neither for nor against:

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State Capitol - B35 South
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Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/29/60
BILL NO. AB244
OF _____
SUBJECT _____

Speaker Jensen
(NAME)

(Street Address or Route Number)

(City and Zip Code)
self
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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State Capitol - B35 South
P.O. Box 7882
Madison, WI 53707-7882

SENATE HEARING SLIP

(Please Print Plainly)

DATE: 2/29/60
BILL NO. AB244
OF _____
SUBJECT _____

Sen Robert Welch
(NAME)
P.O. Box 7882
(Street Address or Route Number)
Madison WI 53707
(City and Zip Code)
himself
(Representing)

Speaking in Favor:
Speaking Against:
Registering in Favor:
but not speaking:
Registering Against:
but not speaking:
Speaking for information only; Neither for nor against:

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Madison, WI 53707-7882

WISCONSIN ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES

16 North Carroll Street
Suite 200
Madison, WI 53703-2783

Rolf Wegenke, Ph.D.
President

Telephone (608) 256-7761
Fax (608) 256-7065
E-mail: waicu@edgewood.edu

SENATE ECONOMIC DEVELOPMENT, HOUSING AND GOVERNMENT OPERATIONS COMMITTEE

TESTIMONY

by

Dr. Rolf Wegenke, President
Wisconsin Association of Independent
Colleges and Universities

on

1999 ASSEMBLY BILL 244
February 29, 2000

I. Introduction

Senator Wirch, members of the committee, my name is Rolf Wegenke. I am president of the Wisconsin Association of Independent Colleges and Universities (WAICU), representing the 21 private, or independent, colleges of Wisconsin. For 17 years before coming to WAICU, I worked in economic development with five Wisconsin Governors. I am here today speaking in support of AB 244. This bill has the unanimous endorsement of the WAICU Board (the 21 college and university presidents).

II. Defining the problem

AB 244 is about the future. It is said that generals often "fight the last war." The same dangerous potential exists for businesses, governments, and individuals alike. It is so easy to be overwhelmed by what is "in our face" that we devote all of our attention and most of our resources to the immediate problem.

And Wisconsin does have a problem. It has been variously labeled the "brain drain," the "worker shortage," and the "income gap." The problem is the result of the transition already underway to a knowledge economy. The world depended for millennia on a resource-based economy – we depended on what we could take from the soil. In the century just ended, the economy was transformed to a manufacturing economy – we depended on what we could make. We are now in the midst of the transformation of our economy to a knowledge-based economy – we will depend on what we know.

ALVERNO COLLEGE *Milwaukee* BELOIT COLLEGE *Beloit* CARDINAL STRITCH UNIVERSITY *Milwaukee* CARROLL COLLEGE *Waukesha*
CARTHAGE COLLEGE *Kenosha* CONCORDIA UNIVERSITY *Mequon* EDGEWOOD COLLEGE *Madison* LAKELAND
COLLEGE *Sheboygan* LAWRENCE UNIVERSITY *Appleton* MARIAN COLLEGE *Fond du Lac* MARQUETTE UNIVERSITY *Milwaukee*
MILWAUKEE INSTITUTE OF ART & DESIGN *Milwaukee* MILWAUKEE SCHOOL OF ENGINEERING *Milwaukee* MOUNT MARY
COLLEGE *Milwaukee* MOUNT SENARIO COLLEGE *Ladysmith* NORTHLAND COLLEGE *Ashland* RIPON COLLEGE *Ripon* ST. NORBERT
COLLEGE *De Pere* SILVER LAKE COLLEGE *Manitowoc* VITERBO COLLEGE *La Crosse* WISCONSIN LUTHERAN COLLEGE *Milwaukee*

The brain workers in the knowledge economy need knowledge, of course. They need knowledge to understand the myriad issues which constitute the market for ideas – but they need more than knowledge. Mastering a particular discipline or subject area gives you knowledge of what is. Marketable ideas are about what might be, solutions to problems, new approaches.

Knowledge workers need to learn how to learn; they need critical thinking skills necessary to solve problems and to innovate. In short, they need the very kind of education provided at Wisconsin's private colleges and universities.

BUT, and this is a big **BUT**, Wisconsin does not have enough such brain workers to keep it positioned for leadership in the knowledge economy. With the happy exception of AB 244, there are no major public policy proposals to address this issue.

III. The Dimensions of the Problem

Just how big is this problem? The Hudson Institute estimates that our current shortage of skilled workers will result in a five-percent drop in the growth of gross domestic product (GDP), or \$200 billion in lost output – nearly \$1,000 for every American. Stated in a positive way, the state that becomes a center for “brain workers” will become the economic leader for this millennium.

According to the Bureau of Labor Statistics, between now and 2005, employment will grow at faster-than-average rates in occupations and industries requiring higher education, and at below-average rates in occupations and industries that do not require college degrees. I should make clear that the knowledge economy is not only about the high-tech company as popularly imagined – i.e., it is not just about young men and women in lab coats (or blue jeans) working out of a garage. The knowledge economy involves S.C. Johnson, Snap On Tools, FIServe, Strong Investments, Northwestern Mutual, United Wisconsin Services. These Wisconsin companies need brain workers in the thousands.

The Educational Testing Service conducted a study which concludes that there are more workers than ever needed in what ETS labels “elite” or “good” jobs. These workers are involved in managing money, product movement, or other processes which require the skills of a college graduate.

Dr. Stephen Portch, formerly with UW and now chancellor of the University of Georgia System, is quoted as stating that, of the 9 million **new** jobs to be created in the United States by the year 2006, 7 million, or 78 percent, will require a baccalaureate degree. Again, we are talking about the future, about new jobs.

Remember, too, that not only are vital skills and abilities developed at colleges and universities, but most product innovations and scientific breakthroughs are begun at colleges and universities. We need to position Wisconsin as the place where such brain workers can be found. Now, I want to be clear, recognizing the need for brain workers with college degrees in no way contradicts the equally pressing need we have today for workers in the skilled trades. The problem is when an immediate need obscures the future need.

In my days in economic development, we struggled to maintain the balance between keeping current jobs and capturing the jobs of the future. We must maintain that balance today and tomorrow. It is not a question of either/or – it is a question of both.

Between 1996 and 2006, more than 1.3 million jobs requiring software and information technology skills will be created by the U.S. economy. There are more than 340,000 unfilled U.S. positions for highly skilled information-technology workers today. The largest portion of these positions require a college degree. While in 1986 U.S. colleges awarded 50,000 baccalaureate and advanced degrees in computer science, that number fell to 36,000 in 1996.

Because we have such high-quality colleges and universities in Wisconsin, we tend to get complacent.

However, according to the Corporation for Enterprise Development, of the 50 states, Wisconsin ranks 31st in the percentage of our population with college degrees -- and this at a time when a large percentage of the new jobs will require a college degree! Wisconsin is above average (24th) in our export of those with a college degree, but we are only 45th in our importation of workers with degrees.

According to the National Center on the Educational Quality of the Workforce, an investment in the education of the workforce increases productivity at more than double the rate of a similar investment in new equipment. We (businesses, government and individuals) need to invest in the jobs of the future.

IV. Solving the Problem: The Supply of Brain Workers

There is, of course, a certain circularity to the issue. Do we have the kind of employers in Wisconsin needed to keep our college graduates here? Do we have the college graduates needed to attract cutting-edge employers to expand or to relocate here?

Of course, we need both more brain workers and more employers, but for government policy, I would emphasize the supply side.

It is a truism that very few new jobs come from persuading companies to relocate. Most new jobs are “home grown.” FIServe, the financial services giant, is in Wisconsin because George Dalton is in Wisconsin. Promega is in Wisconsin because Bill Linton is in Wisconsin. Schneider National is in Wisconsin because Donald Schneider is in Wisconsin. If government can increase the supply of college educated workers, then it will not only help FIServe; it will stimulate the creation of new FIServes. It is also true that knowledge-based companies are relatively footloose; they can locate wherever the brain workers are found and wherever the CEO decides he or she would like to be. To know Wisconsin is to love her, but, as one who worked on it for nearly two decades, I can tell you it is very hard to sell living here to those who can best describe Wisconsin as being “near Chicago.” On the other hand, we all know of people who have attended university here and never left – or who came back as quickly as they could.

Therefore, what needs to be done is to get more people from across the United States and around the world to come and attend college in Wisconsin.

AB 244 favors no segment of Wisconsin's economy and no sector of higher education. The employer would make the decision where to invest and in what kind of education – technical college, UW campus, or private or independent college or university.

Moreover, AB 244 does not put the entire burden on the taxpayers. The credit would cover only one-half of the tuition paid for those employers who paid full tuition.

V. AB 244: The Solution

AB 244, if enacted, will encourage more employers to follow the lead of Snap On Tools and a host of other employers to invest more in education, whether their needs are for technical school training or for individuals with college and university degrees.

In short, I believe that "if you build it, they will come." If government invests in the supply of "brain 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. Because approximately 40 percent of our first-time, first-year students are from out of state, Wisconsin's private colleges and universities must be seen as net importers of brain workers to this state. In other words, brain workers who come here to develop their brains at both public and private colleges and universities are apt to stay here to employ their brains in Wisconsin's economy.

First-Time Freshmen

| | <u>WAICU</u> | <u>UW</u> |
|---------------|--------------|-----------|
| Out-of-State | 42.0% | 17.4% |
| International | 2.1% | 1.0% |

A significant proportion of the alumni of Wisconsin's private colleges and universities end up working in this state. Sixty-seven percent of Alverno College's graduates live and work in this state, 70 percent of Cardinal Stritch University's and 71 percent of Lakeland's. What needs to be done, then, is to encourage more from Wisconsin and from elsewhere to attend college here so Wisconsin becomes known as THE place for brain workers.

You may well ask why I am so high on AB 244. It is hard for government to make the kind of investments needed because there is a lack of knowledge about the kind of "brain workers" needed by the knowledge economy. For example, the state legislature in Pennsylvania has engaged in difficult debates trying to devise a scholarship program which would steer college students into particular majors. No one has a crystal ball with sufficient clarity. Fifty percent of the jobs this fall's freshmen will hold when they graduate in four years do not yet exist.

For all of these reasons, AB 244 is probably the most creative and the most promising way to help Wisconsin into the future. AB 244 passed the Assembly by a vote of 93 to 4. A bipartisan majority of this committee has told me they support this bill. Clearly, Wisconsin legislators "get it."

I would be happy to answer any questions.

Wisconsin Association of Independent Colleges and Universities

16 North Carroll Street, Suite 200
Madison, Wisconsin 53703-2783
608/256-7761
608/256-7065 (fax)
waicu@edgewood.edu

Facsimile

To: Beth Smith (Office of Senator Wirch) **From:** David Dies
Fax: 608/267-8979 *0984* **Pages:** 8 (including cover)
Phone: **Date:** 02/28/00
Subject: AB 244 **Copy:**

Per Your Request Per Our Discussion FYI See Attached For Your Action

Message:

Beth,

I have attached the following:

- Position Paper with op-ed from Rolf.
- Testimony that Rolf will give at hearing.

As I mentioned, we have already provided the above materials to Joe (twice). You might want to have him include in his testimony something about the Kenosha Area Business Alliance adopting a resolution in support of AB 244 and have gone on record of thanking Senator Wirch for his leadership.

Do not hesitate to call me this p.m. (772-0229).

David

WISCONSIN ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES

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President

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ASSEMBLY SUBSTITUTE AMENDMENT 1 TO ASSEMBLY BILL 244 CREATING AN EDUCATION TAX CREDIT

Background

The "brain drain" – a specific element of the state's much larger worker shortage – is a real threat to the future of Wisconsin. In order to meet the needs of businesses in the 21st Century, it will be necessary to have an educated labor force. However, state and federal analysts are predicting a significant shortage of such workers in Wisconsin, particularly those who hold a baccalaureate degrees. The enclosed article on the knowledge economy outlines both the threat and opportunity this state faces.

Proposal

This bill will allow businesses to claim a tax credit for up to one-half of the tuition a business pays to any state public or private non-profit educational institution. The tax-credit would be limited to actual tuition paid – exclusive of fees, room and board, or other education expenses. Eligible educational institutions include the UW System, Wisconsin Technical College System, and private colleges and universities. The credit is not limited to employees and could be used for prospective employees. A specific exclusion for family members of management was included in the version adopted by the Assembly.

Rationale

This legislation has the bipartisan support of 49 legislators in both houses and is the most significant initiative to address the "brain drain"/worker shortage. It passed the Assembly on a vote of 93-4.

- The bill encourages employers to invest more of their resources in educating the workforce of the future. Because the credit covers one-half of the tuition paid by employers, the entire burden does not fall on the taxpayers.
- The bill favors no segment of Wisconsin's economy – high-tech, low-tech, manufacturing, services.
- The bill empowers employers who would make the decision on where to invest and in what kind of education – technical college, UW campus, or private or independent college or university.

Fiscal Impact

The Department of Revenue estimates the bill will reduce revenue collections by roughly \$9 million annually. The effective date of the bill is July 1, 2001.

Contacts: Dr. Rolf Wegenke or Mr. David Dies

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CARTHAGE COLLEGE *Kenosha* CONCORDIA UNIVERSITY *Mequon* EDGEWOOD COLLEGE *Madison* LAKELAND
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COLLEGE *Milwaukee* MOUNT SENARIO COLLEGE *Ladysmith* NORTHLAND COLLEGE *Ashland* RIPON COLLEGE *Ripon* ST. NORBERT
COLLEGE *De Pere* SILVER LAKE COLLEGE *Marion* VITERBO COLLEGE *La Crosse* WISCONSIN LUTHERAN COLLEGE *Milwaukee*

'Knowledge economy' is way of future

By Rolf Wegenke

A lot has been said and written about the knowledge economy. We all have been dazzled by the initial public stock offerings of Internet ventures, where companies that are no more than an idea are worth tens of millions of dollars overnight. But the knowledge economy is more than a synonym for a get-rich-quick scheme. The phrase "the knowledge economy" summarizes the transformation of our way of life.



The world depended for millennia on a resource-based economy — we depended on what we could take from the soil. In the century now drawing to a close, the economy was transformed to a manufacturing economy — we depended on what we could make. We are now in the midst of the transformation to a knowledge-based economy. The knowledge economy means that we depend

Wegenke is president of the Wisconsin Association of Independent Colleges and Universities. Formerly, he administered economic development and international trade programs for five Wisconsin governors.

GUEST COLUMN

on what we know; our essential natural resource is brain workers. The advent of the knowledge economy means that public policy in economic development needs to be reinvented. Selling ideas and services will be the key generator of jobs and income. Let me give three real-life Wisconsin examples:

■ A company designs medical diagnostic software. It does not directly extract anything from the soil; it does not manufacture anything. It sells and "ships" (uploads to the World Wide Web) its custom-designed products to medical researchers.

■ An engineering consulting company solves problems around the world. Again it ships not products, but ideas, often via the Internet or by putting employees on a plane. There are no advertisements in newspapers or on television, no factories, no packages, no trucks, no export licenses. There are simply ideas, which are bought and sold.

■ Another major manufacturer has announced plans to transform itself "from just an equipment company to a real... information company."

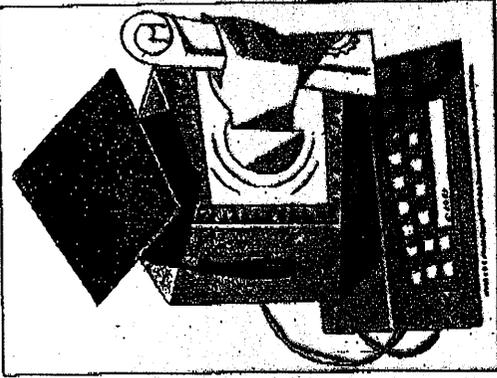
Yet current public policy prioritizes our efforts and measures our successes by the number of plants we relocate and in terms of tonnage shipped through major ports. In the knowledge economy, the product is between the ears of brain workers and is shipped on the World Wide Web.

The essential natural resource required for Wisconsin to succeed in the knowledge economy is brain workers. However, Wisconsin is today suffering from a "brain drain." Of the 50 states, Wisconsin ranks 31st in the percentage of our population with college degrees — when a large percentage of the new jobs will require a college degree!

Ironically, there is a lack of knowledge about the kind of "brain workers" needed by the knowledge economy. Of the jobs this fall's freshmen will hold when they graduate in four years, 50 percent do not yet exist. M&I Data Corp., Milwaukee, has paid tuition for students to study computer science at Marquette University, and companies such as Kimberly-Clark Corp. pay for Chinese-language majors from Lawrence University to intern in their companies.

It is ineffective and inefficient to mandate choices between computer science and Chinese. Individual students and employers need to make those choices. Better, then, is a public policy that invests in students, not in majors or in institutions or in areas of specialization.

In short, if government invests in the supply of "brain workers," Wisconsin will be well positioned for the knowledge economy. According to university 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. Because about 40 percent of our first-time, first-year students are from out of state, Wisconsin's private colleges and universities must be seen as net importers of brain workers. In other words, brain workers who develop their brains at Wisconsin's colleges and universities are apt to stay here to employ their brains in Wisconsin's economy.

Wisconsin cannot prosper by living in the past. What worked in the 1970s and '80s no longer makes sense for the new millennium. What needs to be done is to encourage more from Wisconsin and from elsewhere to attend college here, so that Wisconsin becomes known as THE place for brain workers. These brain workers will be the entrepreneurs in big and small (and no) organizations of the future; they will increase our income from exports and keep Wisconsin an economic leader.

WISCONSIN STATE JOURNAL 12/7/99

WISCONSIN ASSOCIATION OF INDEPENDENT COLLEGES AND UNIVERSITIES

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SENATE ECONOMIC DEVELOPMENT, HOUSING AND GOVERNMENT OPERATIONS COMMITTEE

TESTIMONY

by

Dr. Rolf Wegenke, President
Wisconsin Association of Independent
Colleges and Universities

on

1999 ASSEMBLY BILL 244
February 29, 2000

I. Introduction

Senator Wirth, members of the committee, my name is Rolf Wegenke. I am president of the Wisconsin Association of Independent Colleges and Universities (WAICU), representing the 21 private, or independent, colleges of Wisconsin. For 17 years before coming to WAICU, I worked in economic development with five Wisconsin Governors. I am here today speaking in support of AB 244. This bill has the unanimous endorsement of the WAICU Board (the 21 college and university presidents).

II. Defining the problem

AB 244 is about the future. It is said that generals often "fight the last war." The same dangerous potential exists for businesses, governments, and individuals alike. It is so easy to be overwhelmed by what is "in our face" that we devote all of our attention and most of our resources to the immediate problem.

And Wisconsin does have a problem. It has been variously labeled the "brain drain," the "worker shortage," and the "income gap." The problem is the result of the transition already underway to a knowledge economy. The world depended for millennia on a resource-based economy – we depended on what we could take from the soil. In the century just ended, the economy was transformed to a manufacturing economy – we depended on what we could make. We are now in the midst of the transformation of our economy to a knowledge-based economy – we will depend on what we know.

ALVERNO COLLEGE *Milwaukee* BELOIT COLLEGE *Beloit* CARDINAL STRITCH UNIVERSITY *Milwaukee* CARROLL COLLEGE *Waukesha*
CARTHAGE COLLEGE *Kenosha* CONCORDIA UNIVERSITY *Mequon* EDGEWOOD COLLEGE *Madison* LAKELAND
COLLEGE *Sheboygan* LAWRENCE UNIVERSITY *Appleton* MARIAN COLLEGE *Fond du Lac* MARQUETTE UNIVERSITY *Milwaukee*
MILWAUKEE INSTITUTE OF ART & DESIGN *Milwaukee* MILWAUKEE SCHOOL OF ENGINEERING *Milwaukee* MOUNT MARY
COLLEGE *Milwaukee* MOUNT SENARIO COLLEGE *Ladysmith* NORTHLAND COLLEGE *Ashland* RIPON COLLEGE *Ripon* ST. NORBERT
COLLEGE *De Pere* SILVER LAKE COLLEGE *Manitowoc* VITERBO COLLEGE *La Crosse* WISCONSIN LUTHERAN COLLEGE *Milwaukee*

The brain workers in the knowledge economy need knowledge, of course. They need knowledge to understand the myriad issues which constitute the market for ideas – but they need more than knowledge. Mastering a particular discipline or subject area gives you knowledge of what is. Marketable ideas are about what might be, solutions to problems, new approaches.

Knowledge workers need to learn how to learn; they need critical thinking skills necessary to solve problems and to innovate. In short, they need the very kind of education provided at Wisconsin's private colleges and universities.

BUT, and this is a big **BUT**, Wisconsin does not have enough such brain workers to keep it positioned for leadership in the knowledge economy. With the happy exception of AB 244, there are no major public policy proposals to address this issue.

III. The Dimensions of the Problem

Just how big is this problem? The Hudson Institute estimates that our current shortage of skilled workers will result in a five-percent drop in the growth of gross domestic product (GDP), or \$200 billion in lost output – nearly \$1,000 for every American. Stated in a positive way, the state that becomes a center for “brain workers” will become the economic leader for this millennium.

According to the Bureau of Labor Statistics, between now and 2005, employment will grow at faster-than-average rates in occupations and industries requiring higher education, and at below-average rates in occupations and industries that do not require college degrees. I should make clear that the knowledge economy is not only about the high-tech company as popularly imagined – i.e., it is not just about young men and women in lab coats (or blue jeans) working out of a garage. The knowledge economy involves S.C. Johnson, Snap On Tools, FIServe, Strong Investments, Northwestern Mutual, United Wisconsin Services. These Wisconsin companies need brain workers in the thousands.

The Educational Testing Service conducted a study which concludes that there are more workers than ever needed in what ETS labels “elite” or “good” jobs. These workers are involved in managing money, product movement, or other processes which require the skills of a college graduate.

Dr. Stephen Portch, formerly with UW and now chancellor of the University of Georgia System, is quoted as stating that, of the 9 million new jobs to be created in the United States by the year 2006, 7 million, or 78 percent, will require a baccalaureate degree. Again, we are talking about the future, about new jobs.

Remember, too, that not only are vital skills and abilities developed at colleges and universities, but most product innovations and scientific breakthroughs are begun at colleges and universities. We need to position Wisconsin as the place where such brain workers can be found. Now, I want to be clear, recognizing the need for brain workers with college degrees in no way contradicts the equally pressing need we have today for workers in the skilled trades. The problem is when an immediate need obscures the future need.

In my days in economic development, we struggled to maintain the balance between keeping current jobs and capturing the jobs of the future. We must maintain that balance today and tomorrow. It is not a question of either/or -- it is a question of both.

Between 1996 and 2006, more than 1.3 million jobs requiring software and information technology skills will be created by the U.S. economy. There are more than 340,000 unfilled U.S. positions for highly skilled information-technology workers today. The largest portion of these positions require a college degree. While in 1986 U.S. colleges awarded 50,000 baccalaureate and advanced degrees in computer science, that number fell to 36,000 in 1996.

Because we have such high-quality colleges and universities in Wisconsin, we tend to get complacent.

However, according to the Corporation for Enterprise Development, of the 50 states, Wisconsin ranks 31st in the percentage of our population with college degrees -- and this at a time when a large percentage of the new jobs will require a college degree! Wisconsin is above average (24th) in our export of those with a college degree, but we are only 45th in our importation of workers with degrees.

According to the National Center on the Educational Quality of the Workforce, an investment in the education of the workforce increases productivity at more than double the rate of a similar investment in new equipment. We (businesses, government and individuals) need to invest in the jobs of the future.

IV. Solving the Problem: The Supply of Brain Workers

There is, of course, a certain circularity to the issue. Do we have the kind of employers in Wisconsin needed to keep our college graduates here? Do we have the college graduates needed to attract cutting-edge employers to expand or to relocate here?

Of course, we need both more brain workers and more employers, but for government policy, I would emphasize the supply side.

It is a truism that very few new jobs come from persuading companies to relocate. Most new jobs are "home grown." FIServe, the financial services giant, is in Wisconsin because George Dalton is in Wisconsin. Promega is in Wisconsin because Bill Linton is in Wisconsin. Schneider National is in Wisconsin because Donald Schneider is in Wisconsin. If government can increase the supply of college educated workers, then it will not only help FIServe; it will stimulate the creation of new FIServes. It is also true that knowledge-based companies are relatively footloose; they can locate wherever the brain workers are found and wherever the CEO decides he or she would like to be. To know Wisconsin is to love her, but, as one who worked on it for nearly two decades, I can tell you it is very hard to sell living here to those who can best describe Wisconsin as being "near Chicago." On the other hand, we all know of people who have attended university here and never left -- or who came back as quickly as they could.

Therefore, what needs to be done is to get more people from across the United States and around the world to come and attend college in Wisconsin.

AB 244 favors no segment of Wisconsin's economy and no sector of higher education. The employer would make the decision where to invest and in what kind of education – technical college, UW campus, or private or independent college or university.

Moreover, AB 244 does not put the entire burden on the taxpayers. The credit would cover only one-half of the tuition paid for those employers who paid full tuition.

V. AB 244: The Solution

AB 244, if enacted, will encourage more employers to follow the lead of Snap On Tools and a host of other employers to invest more in education, whether their needs are for technical school training or for individuals with college and university degrees.

In short, I believe that "if you build it, they will come." If government invests in the supply of "brain 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. Because approximately 40 percent of our first-time, first-year students are from out of state, Wisconsin's private colleges and universities must be seen as net importers of brain workers to this state. In other words, brain workers who come here to develop their brains at both public and private colleges and universities are apt to stay here to employ their brains in Wisconsin's economy.

First-Time Freshmen

| | <u>WAICU</u> | <u>UW</u> |
|---------------|--------------|-----------|
| Out-of-State | 42.0% | 17.4% |
| International | 2.1% | 1.0% |

A significant proportion of the alumni of Wisconsin's private colleges and universities end up working in this state. Sixty-seven percent of Alverno College's graduates live and work in this state, 70 percent of Cardinal Stritch University's and 71 percent of Lakeland's. What needs to be done, then, is to encourage more from Wisconsin and from elsewhere to attend college here so Wisconsin becomes known as THE place for brain workers.

You may well ask why I am so high on AB 244. It is hard for government to make the kind of investments needed because there is a lack of knowledge about the kind of "brain workers" needed by the knowledge economy. For example, the state legislature in Pennsylvania has engaged in difficult debates trying to devise a scholarship program which would steer college students into particular majors. No one has a crystal ball with sufficient clarity. Fifty percent of the jobs this fall's freshmen will hold when they graduate in four years do not yet exist.

For all of these reasons, AB 244 is probably the most creative and the most promising way to help Wisconsin into the future. AB 244 passed the Assembly by a vote of 93 to 4. A bipartisan majority of this committee has told me they support this bill. Clearly, Wisconsin legislators "get it."

I would be happy to answer any questions.



WISCONSIN LEGISLATIVE COUNCIL STAFF MEMORANDUM

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Email: leg.council@legis.state.wi.us

DATE: February 1, 2000
TO: INTERESTED LEGISLATORS
FROM: Mary Matthias, Senior Staff Attorney
SUBJECT: Assembly Substitute Amendment __ to 1999 Assembly Bill 244 (LRB-0254/2)

This memorandum describes Assembly substitute amendment __ to 1999 Assembly Bill 244 (LRB-0254/2). 1999 Assembly Bill 244 was introduced on March 23, 1999 by Representative Jensen; cosponsored by Senator Darling and was referred to the Assembly Committee and Colleges and Universities. The committee held a hearing and executive session on the bill on January 12, 2000. The committee voted to adopt Assembly Amendments 1 and 2 to the bill and recommended passage of the bill, as amended, on a vote of Ayes, 9; Noes, 1.

The 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 in Wisconsin if the individual is enrolled in a degree-granting program. The credit is in an amount equal to 50% of the tuition paid by a business for an individual to attend school in the taxable year. The tax credit is nonrefundable, but the business may carry forward any remaining credit to subsequent taxable years.

Assembly Amendment 1 to the bill restricts use of the tax credit to tuition amounts paid for "the claimant's employe." Under the bill, the tax credit may be claimed for tuition amounts paid for "an individual."

Assembly Amendment 2 to the bill changes the effective date of the tax credit to July 1, 2001. The substitute amendment contains identical language as described under item 2., below.

Assembly Substitute Amendment __ (LRB-0254/2) makes the following changes to the bill:

1. *Restriction on use of the tax credit for tuition paid for a family member of the claimant or a family member of a managing employe of the business.* The substitute amendment provides that a claimant may not claim a credit for any tuition amounts that the claimant

- 2 -

paid or incurred for a family member of the claimant or a family member of a managing employe unless all of the following apply:

- a. The family member was employed an average of at least 20 hours a week as an employe of the claimant, or an employe of the claimant's business, during the one-year period prior to commencing participation in the education program for which the claimant claims the credit.
- b. The family member is enrolled in a degree-granting program that is substantially related to the claimant's business.
- c. The family member is making satisfactory progress towards completing the degree-granting program in which he or she is enrolled.

Under the substitute amendment, "*family member*" means any of the following: a child, grandchild, great-grandchild, parent, sibling, nephew, niece, grandparent, uncle or aunt.

Under the substitute amendment, "*managing employe*" means 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.

2. *Initial applicability.* The bill provides that the tax credit first applies to taxable years beginning on January 1 of the year in which the bill takes effect, except that if the bill takes effect after July 31, the tax credit first applies to taxable years beginning on January 1 of the following year.

The substitute amendment provides that the tax credit first applies to taxable years beginning on July 1, 2001. This change is identical to Assembly Amendment 2 to the bill which was adopted by the Assembly Committee on Colleges and Universities.

Please contact me at the Legislative Council Staff offices if you have any questions or would like more information. My direct telephone number is 266-0932.

MM:ksm;wu



Carthage

February 28, 2000

President of the College

The Honorable Robert Wirch
Senate Economic Development, Housing
and Government Operations Committee
Room 310-South, State Capitol
P.O. Box 7882
Madison, WI 53707-7882

Dear Senator Wirch:

On February 29, the Senate Economic Development, Housing and Government Committee will be reviewing Assembly Bill 244. I am writing to urge your support of this measure, which passed the State Assembly by a bipartisan vote of 93-4.

The bill provides employer tax credits for up to half the tuition they pay for students in higher education within the State of Wisconsin. Students at all accredited higher education institutions - public or private - are eligible.

Other states, long since, have adopted this policy. It is a very effective way of preventing brain drain, and actually of importing talented new workers to the state.

There is solid support for this measure among the labor, business, and education communities. I ask you to join in this crucial effort to support the workforce of Wisconsin.

Yours sincerely,

F. Gregory Campbell

Bob,

smw

This letter is being
faxed to each member of
your committee. Everyone I discuss it
with advises your willingness to become a co-sponsor
of the bill. You are enhancing the respect
you enjoy here in Kenosha.

Thanks.

**JOHN M. ANTARAMIAN
MAYOR**



CITY OF KENOSHA
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Kenosha, Wisconsin 53140
(414) 653-4000
Fax (414) 653-4010

February 28, 2000

The Honorable Robert Wirch
State Senator
State of Wisconsin
P. O. Box 7882
Madison, WI 53707-7882

Dear Senator Wirch:

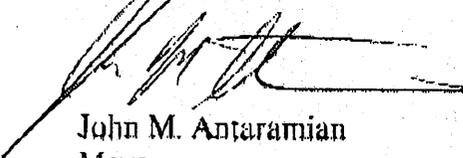
We are writing in support of the Senate's version of Assembly Bill 244. This bill will give Kenosha's businesses an opportunity to invest in the future of Kenosha's workforce at all levels of Wisconsin's economy. It encourages employers to invest in educating their workforce at all educational institutions - UW campuses, technical colleges and private colleges and universities; thereby giving all employees an opportunity to further their education.

Thank you for giving your support to this legislation. We are confident it will be instrumental in keeping Wisconsin's educated workforce in Wisconsin.

Sincerely,

CITY OF KENOSHA

COUNTY OF KENOSHA


John M. Antaramian
Mayor

Allan K. Kehl
County Executive

JMA/AKK:jd