

☞ **09hr\_SC-ED\_sb0063\_pt01**



Details:

(FORM UPDATED: 08/11/2010)

**WISCONSIN STATE LEGISLATURE ...  
PUBLIC HEARING - COMMITTEE RECORDS**

**2009-10**

(session year)

**Senate**

(Assembly, Senate or Joint)

**Committee on ... Economic Development (SC-ED)**

**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**



- None.

August 18, 2009

**EXECUTIVE SESSION HELD**

Present: (7) Senators Lassa, Lehman, Vinehout, Kreitlow,  
Kanavas, Darling and Leibham.

Absent: (0) None.

Moved by Senator Lehman, seconded by Senator Kreitlow that  
**Senate Amendment 1** be recommended for adoption.

Ayes: (7) Senators Lassa, Lehman, Vinehout, Kreitlow,  
Kanavas, Darling and Leibham.

Noes: (0) None.

ADOPTION OF SENATE AMENDMENT 1 RECOMMENDED,  
Ayes 7, Noes 0

Moved by Senator Lehman, seconded by Senator Kreitlow that  
**Senate Amendment 2** be recommended for adoption.

Ayes: (7) Senators Lassa, Lehman, Vinehout, Kreitlow,  
Kanavas, Darling and Leibham.

Noes: (0) None.

ADOPTION OF SENATE AMENDMENT 2 RECOMMENDED,  
Ayes 7, Noes 0

Moved by Senator Lehman, seconded by Senator Darling that  
**Senate Amendment LRBA0601/1** be recommended for  
introduction and adoption.

Ayes: (7) Senators Lassa, Lehman, Vinehout, Kreitlow,  
Kanavas, Darling and Leibham.

Noes: (0) None.

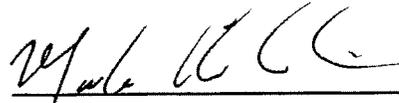
INTRODUCTION AND ADOPTION OF SENATE  
AMENDMENT LRBA0601/1 RECOMMENDED, Ayes 7, Noes 0

Moved by Senator Kreitlow, seconded by Senator Darling that  
**Senate Bill 63** be recommended for passage as amended.

Ayes: (6) Senators Lassa, Lehman, Kreitlow, Kanavas,  
Darling and Leibham.

Noes: (1) Senator Vinehout.

PASSAGE AS AMENDED RECOMMENDED, Ayes 6, Noes 1

A handwritten signature in black ink, appearing to read 'Mark Knickelbine', written over a horizontal line.

Mark Knickelbine  
Committee Clerk

## Vote Record Committee on Economic Development

Date: \_\_\_\_\_

Moved by: Kreitlow      Seconded by: Darling

AB \_\_\_\_\_      SB 63      Clearinghouse Rule \_\_\_\_\_  
 AJR \_\_\_\_\_      SJR \_\_\_\_\_      Appointment \_\_\_\_\_  
 AR \_\_\_\_\_      SR \_\_\_\_\_      Other \_\_\_\_\_

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       Adoption       Confirmation       Concurrence       Indefinite Postponement  
 Introduction       Rejection       Tabling       Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
<b>Senator Julie Lassa, Chair</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator John Lehman</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Kathleen Vinehout</b>	<input type="checkbox"/>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Pat Kreitlow</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Ted Kanavas</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Alberta Darling</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Joseph Leibham</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Totals:</b>	<u>6</u>	<u>1</u>	_____	_____

Motion Carried       Motion Failed

## Vote Record Committee on Economic Development

Date: \_\_\_\_\_

Moved by: Lehman

Seconded by: Kreitlow

AB \_\_\_\_\_

SB 63

Clearinghouse Rule \_\_\_\_\_

AJR \_\_\_\_\_

SJR \_\_\_\_\_

Appointment \_\_\_\_\_

AR \_\_\_\_\_

SR \_\_\_\_\_

Other \_\_\_\_\_

A/S Amdt 1

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     Adoption     Confirmation     Concurrence     Indefinite Postponement  
 Introduction     Rejection     Tabling     Nonconcurrence

Committee Member

**Senator Julie Lassa, Chair**

**Senator John Lehman**

**Senator Kathleen Vinehout**

**Senator Pat Kreitlow**

**Senator Ted Kanavas**

**Senator Alberta Darling**

**Senator Joseph Leibham**

Aye    No    Absent    Not Voting

Totals: 7    0    \_\_\_\_\_    \_\_\_\_\_

Motion Carried

Motion Failed

## Vote Record Committee on Economic Development

Date: \_\_\_\_\_

Moved by: Lehman      Seconded by: Kreitlow

AB \_\_\_\_\_      SB 63      Clearinghouse Rule \_\_\_\_\_  
 AJR \_\_\_\_\_      SJR \_\_\_\_\_      Appointment \_\_\_\_\_  
 AR \_\_\_\_\_      SR \_\_\_\_\_      Other \_\_\_\_\_

A/S Amdt 2 \_\_\_\_\_  
 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     Adoption     Confirmation     Concurrence     Indefinite Postponement  
 Introduction     Rejection     Tabling     Nonconcurrence

Committee Member	Aye	No	Absent	Not Voting
<b>Senator Julie Lassa, Chair</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator John Lehman</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Kathleen Vinehout</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Pat Kreitlow</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Ted Kanavas</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Alberta Darling</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Joseph Leibham</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Totals:</b>	<u>7</u>	<u>0</u>	_____	_____

Motion Carried       Motion Failed

## Vote Record Committee on Economic Development

Date: \_\_\_\_\_

Moved by: Lehman      Seconded by: Darling

AB \_\_\_\_\_      SB 63      Clearinghouse Rule \_\_\_\_\_  
 AJR \_\_\_\_\_      SJR \_\_\_\_\_      Appointment \_\_\_\_\_  
 AR \_\_\_\_\_      SR \_\_\_\_\_      Other \_\_\_\_\_

A/S Amdt LRB A0601/1  
 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     Adoption     Confirmation     Concurrence     Indefinite Postponement  
 Introduction     Rejection     Tabling     Nonconcurrence

<u>Committee Member</u>	<u>Aye</u>	<u>No</u>	<u>Absent</u>	<u>Not Voting</u>
<b>Senator Julie Lassa, Chair</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator John Lehman</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Kathleen Vinehout</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Pat Kreitlow</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Ted Kanavas</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Alberta Darling</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Senator Joseph Leibham</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Totals:</b>	<u>7</u>	<u>0</u>	_____	_____

Motion Carried       Motion Failed



# JULIE LASSA

## STATE SENATOR

Senate Bill 63 Testimony  
Tuesday, March 31, 2009  
10:30 AM  
330 Southwest  
State Capitol

Committee Members,

Thank you for allowing me the opportunity to provide testimony on Senate Bill 63. I am happy to have Senator Alberta Darling here with me today, who, as you all know, has long been a strong supporter of an education tax credit.

I will provide you with a brief description of the bill and then I will let Senator Darling speak on the important impact this legislation would have on our state.

- Senate Bill 63 will provide a 25 percent post-secondary education tax credit to Wisconsin employers who pay tuition on behalf of an individual enrolled in a course of instruction, which means a series of classroom or correspondence courses having a unified purpose which lead to a diploma or degree or to an occupational or vocational objective.
  - Senate Amendment 1 corrects a technical error relating to the definition of a course of instruction. Currently the bill unintentionally requires that the institution be approved by the educational approval board. The amendment will cover all Wisconsin-based public or private universities, colleges or technical colleges.
- The credit increases to 30 percent for tuition paid for credentials that can be used in occupations projected to have worker shortages by local workforce development boards.
- Employers would only be able to claim the credit when the individual completes the program and receives his or her credential.
- The bill prevents employers from claiming a family member's tuition unless the family member has worked 20 hours a week for the last one-year period at the business and the program substantially relates to the business.

This credit will leverage greater private-sector investment in the post-secondary education of Wisconsin's workforce by giving employers an incentive to invest in the future of their employees and makes it financially easier for individuals to complete either certificate or degree programs.

The credit will also encourage more individuals to complete degree or training programs in areas of the economy that currently are experiencing worker shortages, such as in nursing or welding, or are projected to have shortages in the future when, for example, baby boomers begin to retire. Given that our employers have a stake in filling future jobs, we should encourage them to take an active role in fixing and preventing the problem. Waiting to provide them with the credit until the employee receives the credential will also encourage employers to ensure that their employees have the means to balance school and work so they can complete the program.

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



WISCONSIN ASSOCIATION OF INDEPENDENT  
COLLEGES AND UNIVERSITIES

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

*This is a reconstruction from notes of...*

TESTIMONY

By

Dr. Rolf Wegenke, President

Wisconsin Association of Independent Colleges and Universities

On

2009 Senate Bill 63

Before

**THE SENATE COMMITTEE ON ECONOMIC DEVELOPMENT**

March 31, 2009

My name is Rolf Wegenke, I am president of the Wisconsin Association of Independent Colleges and Universities or WAICU. WAICU represents the 20 private, nonprofit colleges in the state of Wisconsin and their 59,000 students. WAICU is recognized in state statutes as the official organization of private colleges in this state (ss. 14.57, 15.377, 16.979, 38.50, 39.285, and 560.27). I also am chair of the Human Capital Committee of the Wisconsin Technology Council and chair of the Education Committee of Competitive Wisconsin, Inc., an organization of the leadership of Wisconsin's largest businesses and labor unions. WAICU and both of these groups support SB63, the Education Tax Credit.

I would like to begin by thanking the bipartisan sponsors of this legislation. I believe this is the fourth biennium in which this legislation has been introduced, but the necessity for increasing support for educational opportunity has now reached a critical point. Now is the time to enact the education tax credit.

Today's Knowledge Economy is dependent 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, and in order to dig ourselves out of the current recession, Wisconsin must grow the fundamental natural resource, brainpower.

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 in the percentage of its population with a college degree has ranged in recent years between 32<sup>nd</sup> and 36<sup>th</sup> place. This is below the national average, and far, far behind our neighboring states of Minnesota (ranked 11th) and Illinois (ranked 15th). 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. Wisconsin does not have enough brain 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 an essential tool to accomplish these objectives. The Wisconsin Technology Council asserts that to reach the national average, Wisconsin needs to add an additional 150,000 baccalaureate degree holders in the state. Competitive Wisconsin—not content with being average—proposes that we reach Minnesota’s level by adding 170,000 additional baccalaureate degree holders to the state. This number, which brings us to Minnesota’s level, is doable; if they can do it, so can we, but we must act.

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 create, to attract, and to expand knowledge-based businesses in the first place. Remember when the *Wall Street Journal* called Wisconsin “the Star of the Snow Belt?” Wisconsin’s successful efforts to promote manufacturing growth in the 1980s did not “just happen.” Rather, Governor Lucey urged enactment of the machinery and equipment (M&E) tax exemption. A study conducted by the Wisconsin Department of Development 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.

Wisconsin will continue to be a manufacturing state, but today’s manufacturing is every bit as much a part of the knowledge economy as the proverbial high tech companies whose employees don lab coats and work with computers and test tubes. Take QuadGraphics, for example: not only does it employ hundreds of printers who received their training at one of Wisconsin’s outstanding technical colleges, but did you know that QuadGraphics also employs hundreds of chemists, engineers, and the like—all of whom require advanced degrees. We need to be clear: those chemists and engineers would not be there without the printers on the shop floor, BUT neither would the printers on the shop floor be there without those chemists and engineers. Part of the genius of the education tax credit is that it recognizes the interdependence of our economy, that it does not set one sector of postsecondary education against another.

If government invests in increasing 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 30 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, and at technical colleges, are more likely to stay here to employ their brains in Wisconsin’s economy. Moreover, over 40 percent of the 59,000 students enrolled in a Wisconsin private college are over the age of 25. These Wisconsin citizens are already here; they have jobs and families and “roots.” They will not contribute to the brain drain. It stands to reason if the education tax credit targets resources so we educate more traditional-age and more older students, and the same percentages remain here, Wisconsin will come out ahead. 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.

Wisconsin needs to expand educational opportunity for all. A 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 link between resources for students and college participation is clear.

As I said previously, employers and Wisconsin citizens themselves, 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. Again, SB63 strikes just the right balance. The tax credit of 25 percent for tuition paid to a Wisconsin college or university will rise to 30 percent in areas where there are critical shortages, as determined locally. SB 63, just like Goldilocks, gets it “just right.”

It is important to emphasize that the Education Tax Credit is available when an employer pays tuition for any individual. SB 63 is more than an employee training bill. This bill provides an incentive for the private sector to invest resources that will actually expand the number of people going to college in Wisconsin, to enable employers to directly contribute to the development of **future** employees. I have grappled with a way to describe this focus on individuals beyond current employees. The example I have hit upon is Eugene Lang. Many of you will recall when *60 Minutes* first told the story of the wealthy New York entrepreneur who promised to pay college tuition for a class of underprivileged sixth graders. More than 60 percent of these young people went on to college. The Education Tax Credit not only will enable employers to invest in their current workforce, it will also provide incentives to employers across Wisconsin to invest in their, and their state’s, future workforce: the knowledge workers of tomorrow.

*Question: Is this your top priority for state support?*

*Answer:* Wisconsin’s private colleges receive no operating support from state taxpayers, nor do we seek such support. WAICU’s mission can be summarized as: “Wisconsin’s private colleges working together to advance educational opportunity.” We advocate expanding support from all sources for all Wisconsin students. In the state budget, our first priority is increasing the three separate, means-tested aid programs (for UW students, for WTCS students, and for WAICU students). As a matter of fact, WAICU has joined with the Wisconsin Technical College District Boards Association and the United Council of UW Students (see attached letter) in supporting aid to all students. Priority support for student aid is a matter of integrity as well as a recognition that we keep faith and of keeping faith in not setting sector-against-sector or student-against-student. But, I would argue that support for student aid is totally compatible with support for the Education Tax Credit.

Now, it is true that Wisconsin lags the Midwest and much of the country in the amount of means-tested student aid it provides to its citizens—this gap is particularly pronounced for low-income Wisconsin citizens attending either a technical college or a Wisconsin private college. However, I would argue that the Education Tax Credit should also be a priority for two reasons:

First, Wisconsin's three separate (For UW, WTCS, and WAICU students) means-tested student aid programs leave hundreds of millions of dollars in unmet need, according to the Higher Educational Aids Board. It is simply not realistic to expect that government—in its current fiscal situation—to be able to meet this unmet need, although the Governor and many in the Legislature agree that clearly we should do more for student aid. What the Educational Tax Credit does is to “**grow the pie.**” Higher education is one of those proverbial three-legged stools: students and families, governments, and employers all benefit economically from education. All need to invest and SB 63 provides an incentive for employers to invest more, to “bake a bigger pie.” For every 25 or 30 cents in lost revenue to the state, employers will have contributed 70 to 75 cents toward additional education for Wisconsin citizens. On top of this 70 to 75 cents, the state also receives a return in greater economic activity and in greater tax revenue.

Second, Wisconsin's student aid programs do not reach the middle class working people who do not qualify as low-income, but who sure could use a boost—especially in these hard times.

*Question: Can you think of a way we could target the Education Tax Credit to the low-income?*

*Answer:* One possibility would be to have the credit rise from 25 to 30 percent for tuition paid for low-income students—defined as Pell-eligible students. SB 63 already provides for the credit to rise to 30 percent when tuition is paid for students studying in critical occupations.

*Question: I hear from UW chancellors concerned about the use of student fees to pay for student aid; would you comment?*

*Answer:* First, I have to say this is outside my area. This was the Governor's decision. It was not recommended by WAICU or by the Higher Educational Aids Board, which has representation from all three sectors. Second, the money taken from UW student fees does **NOT** go to students attending private colleges or to students attending technical colleges. It goes **EXCLUSIVELY TO UW STUDENTS**. As you know, Chancellor Martin of UW-Madison is seeking supplemental tuition to increase aid to UW-Madison students. I too have heard that other UW chancellors object. Again, I conclude that this is an internal UW matter, and it would be inappropriate for me to comment, beyond clarifying that all of the UW fees are allocated to UW students only. I have documented this by attaching the relevant portion of the Governor's budget proposal.

*Question: Is there some way to exclude employers who are already paying tuition or who do not need an incentive from benefiting from this credit?*

*Answer:* I understand the impetus for this question and the commendable desire to be prudent with state resources. However, there is no feasible way—and by feasible I mean no way that would not be prohibitively expensive and bureaucratic—to accomplish this. I also should note that—just like the charitable deduction—employers who currently pay tuition most likely would do even more because of the incentive of the Education Tax Credit.

*Question: How do we know that the marketplace—including institutions of higher learning, employers, and students themselves—will respond to this incentive?*

*Answer:* Wisconsin's private colleges and universities in WAICU, without operating support from the taxpayers, have demonstrated that we are responsive to both taxpayers and students. Consider the following:

WAICU members produce 26% of Wisconsin's bachelor's degrees

and produce:

- 30% of the state's engineering graduates
- 33% of the state's computer science graduates
- 39% of the state's health professions graduates
- 47% of the state's nursing (BSN) graduates

In the educational field:

- 33% of all teacher education graduates
- 31% of all math teachers
- 31% of all elementary teachers
- 76% of all reading teachers
- 70% of all reading teachers and specialists
- 77% all graduates in educational administration

In reaching out to underserved students:

20% of WAICU members' students are low-income  
(compared to 18% for the UW and 17% for the WTCS)

I have no question that as employers pay a larger share, the responsiveness will grow.

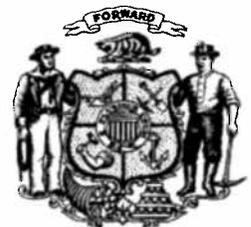
*Question: Has any other state tried this?*

*Answer:* No. Critics of prior versions of the Education Tax Credit have used this originality as a reason for not supporting the Education Tax Credit. But wouldn't it be great if Wisconsin were once again leading the country in innovative public policy, and other states copied us? I can tell you that high officials in other states with "brain drain" problems have called me deeply concerned that, if Wisconsin enacts this legislation, we will "eat their lunch" in the race for leadership in the knowledge economy.

They believe that the private sector will respond to this incentive and invest more in students and current and future employees.



# WISCONSIN STATE LEGISLATURE



**Alberta Darling**  
**Wisconsin State Senator**  
Member, Joint Committee on Finance

**Testimony before the Senate Committee on Economic Development**  
**SB 63 – Education Tax Credit – March 31, 2009**

SB 63 is a simple concept, but it will do a great deal to improve our state's job climate. SB 63 creates an income tax credit for businesses that pay tuition for an employee to attend a state university, college, or technical college.

You will likely hear several reasons from other speakers why the legislature should pass SB 63, so I will only briefly highlight a few key points. First, Wisconsin lags behind our neighbors in our percentage of college-educated residents. Not coincidentally, our per capita income is slightly less too. This bill will help correct that.

Next, employers tell us they often have job openings but they lack qualified applicants with the specialized skills needed to fill those vacancies. This bill would help businesses fill those gaps. That is good news both for a fifty year old shop worker who needs retraining on some new technology or an eighteen year old student who is just getting started on the road to a four year degree.

A final point to remember is that jobs are incredibly mobile these days. An education incentive in Wisconsin gives businesses another reason to bring those jobs here.

SB 63 is a wise investment, which will pay off in the form of more skilled employees, higher paying jobs and a stronger economy for Wisconsin.

Similar versions of this bill have enjoyed the support of higher education providers and Wisconsin's business community in previous sessions only to fall just short of passing both houses of the legislature. I am hopeful that this is the session this bill finally becomes law. Thank you for the opportunity to speak today.

Capitol Office:

P.O. Box 7882  
Madison, Wisconsin 53707-7882  
Phone: 608-266-5830  
Fax: 608-267-0588

Toll-free: 1-800-863-1113  
Email: [sen.darling@legis.wisconsin.gov](mailto:sen.darling@legis.wisconsin.gov)  
Web page: [www.legis.wisconsin.gov/senate/sen08/news/](http://www.legis.wisconsin.gov/senate/sen08/news/)

District Office:

N88 W16621 Appleton Avenue, Suite 200  
Menomonee Falls, Wisconsin 53051  
Phone: 262-250-9440  
Fax: 262-250-8510



# WISCONSIN STATE LEGISLATURE





**WMC**  
WISCONSIN'S BUSINESS VOICE

**To: Senate Committee on Economic Development**

**From: Jeff Schoepke, Director, Tax & Corporate Policy**

**Date: March 31, 2009**

**Re: Senate Bill 63 – Education Tax Credit**

---

Thank you for the opportunity to provide comments today on Senate Bill 63 (SB 63), introduced by Senator Lassa and Representative Fields, which creates a income tax credit for businesses that pay tuition for an individual to attend a university, college or technical college. Wisconsin Manufacturers & Commerce (WMC) strongly supports AB 63.

The business community is an active participant in educating and training Wisconsin's workforce. Skilled workers are critical to the success of all employers. Many businesses have therefore established training programs with Wisconsin's technical schools, colleges and universities to improve the skills of their incumbent workforce and potential future employees.

Even during times of high unemployment, labor shortages can still occur in critical areas. This is primarily because individuals do not have the skills or education levels needed to match job opening requirements.

SB 63 helps businesses match education and skill levels with the demands of the job market and directly encourages employers to participate in the education of their workforce. Public policy should encourage this behavior, as a means of broadly expanding the pool of highly trained and qualified workers in Wisconsin. Encouraging employers to sponsor educational and training programs will ensure an effective match between the kinds of skills employers need and the kinds of training individuals receive.

There are many public programs aimed at improving workforce skill levels. But unlike most programs, SB 63 allows employers to decide where the most appropriate investment should be made. In addition to increasing the number of people in Wisconsin working in higher quality, higher paying jobs, employer involvement should also encourage more individuals to remain in Wisconsin's workforce.

Again, WMC supports AB 63 and encourages the Committee to recommend passage of this legislation.



# WISCONSIN STATE LEGISLATURE





**WMC**  
WISCONSIN'S BUSINESS VOICE

**To: Senate Committee on Economic Development**

**From: Jeff Schoepke, Director, Tax & Corporate Policy**

**Date: March 31, 2009**

**Re: Senate Bill 63 – Education Tax Credit**

---

Thank you for the opportunity to provide comments today on Senate Bill 63 (SB 63), introduced by Senator Lassa and Representative Fields, which creates a income tax credit for businesses that pay tuition for an individual to attend a university, college or technical college. Wisconsin Manufacturers & Commerce (WMC) strongly supports AB 63.

The business community is an active participant in educating and training Wisconsin's workforce. Skilled workers are critical to the success of all employers. Many businesses have therefore established training programs with Wisconsin's technical schools, colleges and universities to improve the skills of their incumbent workforce and potential future employees.

Even during times of high unemployment, labor shortages can still occur in critical areas. This is primarily because individuals do not have the skills or education levels needed to match job opening requirements.

SB 63 helps businesses match education and skill levels with the demands of the job market and directly encourages employers to participate in the education of their workforce. Public policy should encourage this behavior, as a means of broadly expanding the pool of highly trained and qualified workers in Wisconsin. Encouraging employers to sponsor educational and training programs will ensure an effective match between the kinds of skills employers need and the kinds of training individuals receive.

There are many public programs aimed at improving workforce skill levels. But unlike most programs, SB 63 allows employers to decide where the most appropriate investment should be made. In addition to increasing the number of people in Wisconsin working in higher quality, higher paying jobs, employer involvement should also encourage more individuals to remain in Wisconsin's workforce.

Again, WMC supports AB 63 and encourages the Committee to recommend passage of this legislation.





**Senate Committee on Economic Development  
March 31, 2009**

**2009 SB 63 relating to a Postsecondary Education Tax Credit for Businesses  
Morna Foy  
Executive Assistant**

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 2007-08 school year, employers paid the tuition of nearly 23,000 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.

SB 63 as amended in Senate Amendment 1 offers an important incentive for businesses to invest in needed education and training opportunities, and it contains improvements to previously proposed education tax credits for business. These include providing for a broad definition of eligible coursework and appropriately assigning credit eligibility determinations to the Department of Revenue.

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 concerned that the estimated \$15 to \$18 million 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 primary student financial aid program for WTCS students, the WTCS Wisconsin Higher Education grants (WHEG) is considerably under-funded and has not met the demand for aid in several years.

As shown in Table 1 in my testimony, WTCS students receive the smallest amount of WHEG funding compared to students in the UW System or Wisconsin's private colleges and universities.

---

Daniel Clancy, President

4622 University Avenue PO Box 7874 Madison, Wisconsin 53707-7874 608.266.1207  
TTY: 608.267.2483 Fax: 608.266.1690  
www.wtcsystem.edu www.witechcolleges.com

Table 1  
**Wisconsin Higher Education Grants and Tuition Grants  
 Appropriation History**

	<b>UWS</b>	<b>Change</b>	<b>WTCS</b>	<b>Change</b>	<b>Private</b>	<b>Change</b>
1996-97	\$14,283,200	11.8%	\$10,863,200	0.4%	16,050,200	
1997-98	16,502,200	15.5%	11,297,700	4.0%	17,173,300	7.0%
1998-99	17,244,800	4.5%	11,749,600	4.0%	18,375,900	7.0%
1999-00	18,900,300	9.6%	12,454,600	6.0%	19,662,200	7.0%
2000-01	18,900,300	0.0%	13,201,900	6.0%	21,038,600	7.0%
2001-02	19,750,800	4.5%	13,631,000	3.3%	21,564,600	2.5%
2002-03	20,639,600	4.5%	14,874,000	9.1%	22,103,700	2.5%
2003-04*	27,199,600	31.8%	14,874,000	0.0%	22,103,700	0.0%
2004-05*	34,959,600	28.5%	14,874,000	0.0%	22,103,700	0.0%
2005-06	37,057,200	6.0%	15,766,400	6.0%	23,429,900	6.0%
2006-07	39,280,600	6.0%	16,712,400	6.0%	24,835,700	6.0%
2007-08	50,000,000	27.3%	17,130,200	2.5%	25,456,600	2.5%
2008-09	55,000,000	10.0%	17,548,000	2.4%	26,077,500	2.4%
<b>2009-10*</b>	<b>63,000,000</b>	<b>14.6%</b>	<b>17,700,000</b>	<b>1.0%</b>	<b>26,300,000</b>	<b>1.0%</b>
<b>2011-12</b>	<b>71,000,000</b>	<b>13.4%</b>	<b>18,100,000</b>	<b>2.0%</b>	<b>26,900,000</b>	<b>2.0%</b>

\*Total funding for UWS-WHEG included GPR and PR funds  
**Proposed in AB75**

Student tuition and fees are now the second largest source of WTCS revenue. Over the last five years, annual tuition increases have averaged 6.8%. Annual increases in state funding for the WTCS WHEG program during this time have not kept up with the growth in tuition and available resources have been inadequate to meet the demand. WTCS WHEG funding for 2008-09 was fully committed by late August, the earliest date ever. What that means is that over 6,000 technical college students who qualified for aid did not receive it. We can't know how many more students are taking fewer credits or decided not to enroll at all because aid is not available. Unfortunately, even with the additional funds provided in the Governor's 2009-11 budget proposal, we are projecting that WHEG funds for next school year will be fully committed even earlier in the summer of 2009.

Of those students who seek state student financial aid, WTCS students have the greatest financial need. Based on federal need calculations of students' ability to pay, over 36% of WTCS aid applicants are not expected to contribute to funding their education. In contrast, only about 15% of UW System and private college aid applicants are not expected to contribute to funding their college education. In addition, after all federal and state student aid is awarded, technical college students have the greatest *unmet* financial need among the three systems as shown on Table 2. The level of unmet need increases the pressure on technical college students to take fewer credits at one time and to work and borrow more.

Table 2  
**Comparison of Unmet Student Financial Need  
 2007-08**

	UWS	WTCS	Private
Average Total Cost	\$15,090	\$11,882	\$27,438
Average Family Contribution	\$4,798	\$3,083	\$8,429
% of Total Cost	32%	26%	31%
Average <i>Need-Based</i> Assistance	\$6,576	\$4,313	\$9,875
% of Total Cost	44%	36%	36%
Average Unmet Need from Need-Based Aid	\$3,716	\$4,486	\$9,134
% of Total Cost	25%	38%	33%
Average <i>Non Need-Based</i> Assistance	\$2,253	\$1,382	\$7,746
% of Total Cost	15%	12%	28%
<b>Average Total Unmet Need</b>	<b>\$1,463</b>	<b>\$3,104</b>	<b>\$1,388</b>
% of Total Cost	<b>10%</b>	<b>26%</b>	<b>5%</b>

\*Higher Educational Aids Board, Report #09-110

To help ensure access to technical college programs, the System requested an additional \$14.3 million GPR over the biennium for the WTCS WHEG. These funds, if provided, would have reduced the unmet need by approximately two percentage points by the end of the biennium. However, the Governor's biennial budget proposal does not include this request and the recent new federal investments in the Pell grant program will not remedy the difficult financial circumstances of many current and prospective technical college students.

The WTCS supports providing a financial incentive to businesses that are willing to invest in education training as one component of Wisconsin's overall investment in, and commitment to, improving opportunities for its citizens. However, as this Committee, and the Legislature as a whole, looks for ways to improve educational access in an environment of limited resources, I urge you to support increases to WTCS WHEG funding as a budget priority. If Wisconsin hopes to successfully compete economically and improve the quality of life for its citizens, we cannot afford to leave anyone behind in our efforts to develop the most skilled labor force in the nation.

Thank you for the opportunity to comment today. I would be happy to answer any questions.



# WISCONSIN STATE LEGISLATURE





# State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK RD. • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933  
PHONE (608) 266-6466 • FAX (608) 266-5718 • <http://www.revenue.wi.gov>

**Jim Doyle**  
Governor

**Roger M. Ervin**  
Secretary of Revenue

## Senate Economic Development Committee Hearing, March 31, 2009

### **SB 63 – Education Tax Credit (Lassa)**

#### Description of Current Law and Proposed Change

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. 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, or shareholders in proportion to their ownership interests.

The credit is an amount equal to 25% of the tuition paid by a business for an individual to attend school, if the individual is enrolled in a course of instruction approved by the Educational Approval Board; or 30% of the tuition paid by a business for an individual to attend school, if the individual is enrolled in a course of instruction that relates to a projected worker shortage in this state.

The taxpayer claims the total amount of the tuition paid for the individual for the taxable year in which the individual graduates from the course of instruction. 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.

#### The Department of Revenue has submitted the following technical comments to the author

- The use of "partially exercises" in the definition of "Managing employee" in sections 71.07(5r)(a)4., 71.28(5r)(a)4., and 71.47(5r)(a)4., may have the unintended consequence of allowing a person who only exercises a *de minimis* amount of operational or managerial control over another to come within the purview of the credit. Is this the author's intent?
- The proposed statutory language, as written, would allow credit to be claimed for tuition paid for non-residents of Wisconsin. Is this the author's intent? If not, an additional limitation could be included in sections 71.07(5r)(c), 71.28(5r)(c), and 71.47(5r)(c).
- The proposed statutory language in sections 71.07(5r)(c)1., 71.28(5r)(c)1., and 71.07(5r)(c)1. is unclear as to how the claimant is to certify to the DOR that the claimant will not be reimbursed for any amount of tuition claimed as a credit.
- Proposed sections 71.07(5r)(c)2., 71.07(5r)(c)2., and 71.07(5r)(c)2. are unclear on the distinction between the individual taking the courses and the claimant. The proposed section provides that a claimant may not claim the credit "for any tuition amounts that the claimant excluded...under section 127 of the Internal Revenue Code." Section 127, IRC, allows an

exclusion from gross income of the employee for amounts paid by the employer for educational assistance. This code section does not allow an exclusion to the claimant (employer). If the objective is for the employer not to claim the credit for educational expenses that are excluded from the taxable income of the employee under IRC section 127, these provisions should be changed to read " ... that the individual excluded under section 127 ..."

- The limit placed on family members unless the family member was employed an average of at least 20 hours per week in sections 71.07(5r)(c)3., 71.28(5r)(c)3., and 71.47(5r)(c)3. could be clarified to specify a minimum number of weeks. As written, a "family member" could work one week 15 hours and another week 25 hours and work no more. In this case, the average would be 20 hours per week over the two weeks during which the family member worked during the one-year period prior to commencing participation in the education program. In addition, is the family member expected to work 52 weeks out of the calendar year? Or is it another year other than a calendar year? The author may wish to clarify this.
- There are differing standards for the family member limitation ("substantially related to") in sections 71.07(5r)(c)(3)b., 71.28(5r)(c)(3)b., and 71.47(5r)(c)(3)b., and the 30% credit limit for courses in fields with worker shortages ("relates to") in sections 71.07(5r)(b)2., 71.28(5r)(b)2., and 71.47(5r)(b)2. If the author wishes to retain the "substantially related to" standard for family members, note that case law demonstrates that this can be a problematic standard to apply.
- The proposed statutory language applies to sole proprietorships, but it is unclear whether a sole proprietor who is the only employee of the business could be both the student and the claimant. The author may wish to clarify this.
- The initial applicability date will be a problem only if enacted late in the year after forms have been finalized for printing. It would be preferable to provide that if enacted after July 31, it will apply to taxable years beginning on or after January 1 of the year after enactment.

Contact: Sherrie Gates-Hendrix, (608) 267-1262



# State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK RD. • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933  
PHONE (608) 266-6466 • FAX (608) 266-5718 • <http://www.revenue.wi.gov>

**Jim Doyle**  
Governor

**Roger M. Ervin**  
Secretary of Revenue

Senate Economic Development Committee Hearing, March 31, 2009

## **SB 63 – Education Tax Credit (Lassa)**

### Description of Current Law and Proposed Change

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. 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, or shareholders in proportion to their ownership interests.

The credit is an amount equal to 25% of the tuition paid by a business for an individual to attend school, if the individual is enrolled in a course of instruction approved by the Educational Approval Board; or 30% of the tuition paid by a business for an individual to attend school, if the individual is enrolled in a course of instruction that relates to a projected worker shortage in this state.

The taxpayer claims the total amount of the tuition paid for the individual for the taxable year in which the individual graduates from the course of instruction. 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.

### The Department of Revenue has submitted the following technical comments to the author

- The use of "partially exercises" in the definition of "Managing employee" in sections 71.07(5r)(a)4., 71.28(5r)(a)4., and 71.47(5r)(a)4., may have the unintended consequence of allowing a person who only exercises a *de minimis* amount of operational or managerial control over another to come within the purview of the credit. Is this the author's intent? *Provision only intended to prevent misuse. Yes —*
- The proposed statutory language, as written, would allow credit to be claimed for tuition paid for non-residents of Wisconsin. Is this the author's intent? If not, an additional limitation could be included in sections 71.07(5r)(c), 71.28(5r)(c), and 71.47(5r)(c). *Fixed in amendment.*
- The proposed statutory language in sections 71.07(5r)(c)1., 71.28(5r)(c)1., and 71.07(5r)(c)1. is unclear as to how the claimant is to certify to the DOR that the claimant will not be reimbursed for any amount of tuition claimed as a credit. *Filing for credit is Can include in form instructions defacto certification*
- Proposed sections 71.07(5r)(c)2., 71.07(5r)(c)2., and 71.07(5r)(c)2. are unclear on the distinction between the individual taking the courses and the claimant. The proposed section provides that a claimant may not claim the credit "for any tuition amounts that the claimant excluded...under section 127 of the Internal Revenue Code." Section 127, IRC, allows an *Fixed in amendment*

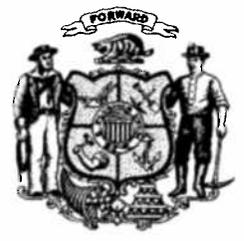
exclusion from gross income of the employee for amounts paid by the employer for educational assistance. This code section does not allow an exclusion to the claimant (employer). If the objective is for the employer not to claim the credit for educational expenses that are excluded from the taxable income of the employee under IRC section 127, these provisions should be changed to read "... that the individual excluded under section 127 ..."

- The limit placed on family members unless the family member was employed an average of at least 20 hours per week in sections 71.07(5r)(c)3., 71.28(5r)(c)3., and 71.47(5r)(c)3. could be clarified to specify a minimum number of weeks. As written, a "family member" could work one week 15 hours and another week 25 hours and work no more. In this case, the average would be 20 hours per week over the two weeks during which the family member worked during the one-year period prior to commencing participation in the education program. In addition, is the family member expected to work 52 weeks out of the calendar year? Or is it another year other than a calendar year? The author may wish to clarify this. *Intent of section is clear*
- There are differing standards for the family member limitation ("substantially related to") in sections 71.07(5r)(c)(3)b., 71.28(5r)(c)(3)b., and 71.47(5r)(c)(3)b., and the 30% credit limit for courses in fields with worker shortages ("relates to") in sections 71.07(5r)(b)2., 71.28(5r)(b)2., and 71.47(5r)(b)2. If the author wishes to retain the "substantially related to" standard for family members, note that case law demonstrates that this can be a problematic standard to apply. *Need a stronger standard for family*
- The proposed statutory language applies to sole proprietorships, but it is unclear whether a sole proprietor who is the only employee of the business could be both the student and the claimant. The author may wish to clarify this. *This should be permissible under the bill*
- The initial applicability date will be a problem only if enacted late in the year after forms have been finalized for printing. It would be preferable to provide that if enacted after July 31, it will apply to taxable years beginning on or after January 1 of the year after enactment. *Fixed in the amendment*

Contact: Sherrie Gates-Hendrix, (608) 267-1262



# WISCONSIN STATE LEGISLATURE





# STATE OF WISCONSIN EDUCATIONAL APPROVAL BOARD

---

## **SENATE BILL 63** EDUCATION TAX CREDIT

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

Senate Committee on Economy Development

March 31, 2009

Good morning. Madam Chair and members of the committee, my name is David Dies and I am the executive secretary for the state's Educational Approval Board. I am here today to express support for Senate Bill 63 and Senate Amendment 1 to the bill that has been offered by Senator Lassa.

For those of you who may be unfamiliar with the EAB, it is an independent state agency responsible for protecting Wisconsin students by regulating certain for-profit and non-profit schools, colleges and universities. I should point out that our oversight does not include the UW and technical college system institutions; nor does it include non-profit institutions incorporated in the state prior to 1992, such as Marquette University, Lakeland College and Concordia University, and other schools that are members of the Wisconsin Association of Independent Colleges and Universities.

Currently, the EAB oversees 152 institutions annually serving more than 45,000 (primarily adult) students in 800 or so non-degree and degree programs. Literally, the EAB regulates everything from pet grooming to Ph.D.s.

Among the schools offering non-degree programs are the American Institute of Paralegal Studies; Howard Academy for the Metal Arts; the Institute of Dental Assisting; the Milwaukee School of Massage; H & R Block; Radio 1 Broadcasting School; and, the Midwest Truck Driving School.

The programs offered by non-degree schools are very diverse and include such programs as networking technology; pharmacy technician; truck driving; massage therapy; heavy equipment operation; radio broadcasting; taxidermy; insurance; motorcycle maintenance; and, paralegal studies.

Among the degree-granting institutions, which offer everything from associate degrees in accounting to MBA's to doctorates in education, are the University of Phoenix, Bryant and Stratton College, Herzing University, Upper Iowa University, ITT Technical Institute, Globe University, Madison Media Institute, Cappella University and Walden University.

The EAB protects students is by requiring schools to meet certain standards. For example, the EAB examines the fiscal stability schools, requires schools to hold a surety bond and pay into a student protection fund, reviews the qualification of instructors, requires annual student outcomes reporting, conducts periodic site visits and ensures program curriculum is comparable in content, length and quality to similar programs offered by other institutions.

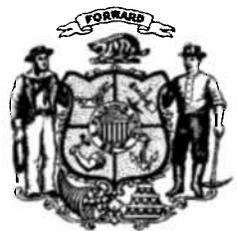
Another way in which the EAB performs its consumer protection role is by supporting policies and programs that allow students to attend institutions of their choice. Included in the EAB's strategic plan is a specific goal related to enhancing postsecondary choices for students, and to increase the public's awareness and understanding of these choices. And, that is why the EAB supports this bill.

Under Senate Bill 63, the definition of a qualified postsecondary institution would include schools approved by the EAB and allow a tax credit to be claimed by employers that invest in the education and training of their employees. Not only is such a policy consistent with the EAB's strategic goal of enabling Wisconsin residents to attend the institution of their choice, but it also encourages an investment in workforce skills based on employer needs.

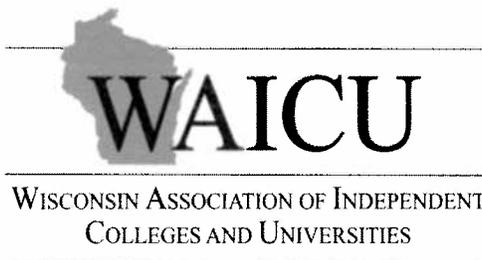
I would be happy to answer any questions you may have.



# WISCONSIN STATE LEGISLATURE



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



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

April 7, 2009

The Honorable Julie Lassa  
Wisconsin State Senate  
PO Box 7882  
Madison, WI 53707

Dear Senator Lassa,

I wanted to thank you again for the opportunity to testify before the Senate Committee on Economic Development. You and the co-sponsors of SB 63 are advancing what may be the single most significant concrete reform to move Wisconsin's economy forward.

As you requested, I have reconstructed my testimony from the notes I took at the time. I also repeated my responses to the very thoughtful questions asked by members of the committee, and attached documentation I thought might be helpful.

Please call on me or Paul Nelson, WAICU senior vice president for public policy, if we can help in any way.

With warm wishes...

Sincerely,

Rolf Wegenke, Ph.D.  
President

C: Senator Alberta Darling  
Senator John Lehman  
Senator Joseph Leibham  
Senator Ted Kanavas  
Senator Pat Kreitlow  
Senator Kathleen Vinehout



**Knickelbine, Mark**

**From:** Oakleaf, Michael P - DOR [Michael.Oakleaf@revenue.wi.gov]  
**Sent:** Tuesday, August 11, 2009 10:49 AM  
**To:** Knickelbine, Mark  
**Cc:** Boldt, Rebecca A - DOR; Gates-Hendrix, Sherrie L - DOR; Raes, Julie M - DOR  
**Subject:** 2009 SB 63 and Pell Grant Eligibility

Mark,

This message is in response to your question last week as to what the fiscal effect would be if the credit in 2009 SB 63 was limited to employer-provided assistance which is provided to individuals who are eligible for Pell grants. Below you will find some background information on Pell Grants as well as a discussion of the potential fiscal effect. Unfortunately, we are not able to place a firm dollar amount on the proposal, but we tried to provide some guidance on how much the fiscal effect would be reduced under the proposal as we discussed it last week relative to the bill as introduced.

The factors considered in eligibility for Pell Grants are:

- 1) student's income (and assets if the student is independent);
- 2) parent's income and assets (if student is dependent);
- 3) household size; and
- 4) number of family members (excluding parents) attending post-secondary schools

The amount of the grant is based on a sliding-scale, such that grant amounts would be reduced for students from families of similar size as family income increases. Income and other factors used for eligibility determination may fluctuate from year to year for a given family, so it is possible that a student could qualify for a Pell Grant in one or more years while pursuing a degree, but also not qualify in one or more years.

Eligibility criteria have changed over the years. Some of the factors for what income and expenses are to be included in the calculation of income are updated annually. Change in eligibility criteria for Pell Grants would by definition change the eligibility criteria for the credit if it is based on Pell Grant eligibility, and would also affect the cost of SB 63 if it was limited to assistance provided to individuals who are eligible for Pell Grants.

Basing the eligibility for the credit on whether the student is eligible for a Pell Grant would change the nature of the credit. As initially introduced, all tuition paid by the employer to a university, college, or technical college, including tuition for graduate and post-graduate work, would be eligible for the credit. However, Pell Grants are only available for students who have not previously received a bachelor's degree (with certain limited exceptions), so only undergraduate tuition would be eligible for the credit.

In addition, eligibility for Pell Grants is generally limited to four years. Certain programs last more than four years (a six-year pharmacy program, for example) and a student would generally lose eligibility for Pell Grants after the fourth year. Since the credit is paid in the year of graduation, it is unclear whether tuition paid for a program that lasts more than four years would be eligible, since the student would typically not be eligible for a Pell Grant in the year of graduation.

Finally, because eligibility for Pell Grants is tied to family income, it is reasonable to assume that more students would qualify in the current economic climate as unemployment is increased and both hours worked and wages paid have decreased.

*Fiscal Estimate:*

Given that the proposed amendment to SB 63 would limit the credit to tuition paid by employers for students eligible for Pell Grants, it is reasonable to assume that the fiscal effect would be less than was estimated for SB 63 as originally introduced. However, because data on employer-provided assistance for undergraduate work for low-income individuals does not exist, the change in the fiscal effect cannot be determined.

In the fiscal estimate for SB63 (LRB 1550/3), it was estimated that employers in Wisconsin provide approximately

\$50.4 million in qualified tuition expenses for employees annually, resulting in credit claims of between \$10.1 million and \$12.1 million.

Based on information from the UW System Administration, approximately 17% of the 170,000 students in the UW System were eligible for Pell Grants in the 2006-07 academic year. If it is assumed that the employer educational assistance currently provided to employees is for undergraduate study only and that employer-provided educational assistance remains constant across income levels, limiting the credit to Pell Grant eligible employees would result in a fiscal estimate of approximately \$2 million per year (\$12.1 million x 17%). However, to the extent that 1) data are not available to identify employer assistance by level of study, 2) that the amount of employer-provided educational assistance varies by different academic and income levels, and 3) to the extent that the percentage of students who are eligible for Pell Grants will fluctuate due to economic conditions, the fiscal estimate cannot be definitively determined.

I hope you find the above information helpful. Please feel free to contact me if I can be of further assistance.

Mike Oakleaf

**Michael Oakleaf**

Economist

WI Department of Revenue

Division of Research and Policy

2135 Rimrock Road/P.O. Box 8933 MS 6-73

Madison, WI 53708-8933

Phone: (608) 261-5173

Fax: (608) 261-6240

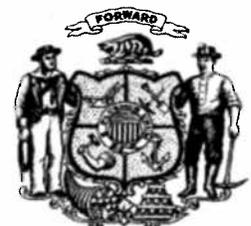
michael.oakleaf@revenue.wi.gov

---

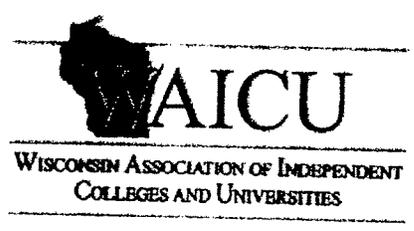
CONFIDENTIALITY NOTICE: This electronic mail transmission and any accompanying documents contain information belonging to the sender which may be confidential and legally privileged. This information is only for the use of the individual or entity to whom this electronic mail transmission was intended. If you are not the intended recipient, any disclosure, copying, distribution, or action taken in reliance on the contents of the information contained in this transmission is strictly prohibited. If you have received this transmission in error, please immediately contact the sender and delete the message. Thank you.



# WISCONSIN STATE LEGISLATURE



Found in SB 03 folder.



February 9, 2009

The Honorable James E. Doyle  
Governor of Wisconsin  
State Capitol, Room 112 East  
Madison, WI 53702

-HAND DELIVERED-

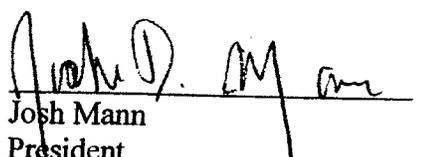
Dear Governor Doyle and Members of the Legislature,

As the time draws near for you to make your decisions on the state biennial budget, we want to speak up together for Wisconsin students attending a University of Wisconsin campus, a campus of the Wisconsin Technical College System, or a Wisconsin nonprofit college or university.

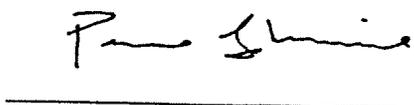
The Governor's budget instructions spoke of "continuing our progress on student aid." The Governor has said that "level funding is the new increase." We understand what he means. At the same time, honesty compels us to relate that as students and their families lose their jobs and sometimes their homes and see the value of their college savings dwindle, level funding is a cut. Susan Marks, CEO of Pinstripe, speaking as president of Competitive Wisconsin, Inc.—an organization of the state's corporate and union leadership—said on February 2 "we need to increase student aid in tough times."

Wisconsin college students cannot wait until good times return. While we appreciate all of the proposals to fund "bricks and mortar," we ask you to remember that without students who have access to them, buildings and programs will help neither our colleges nor our state.

Sincerely,

  
Josh Mann  
President  
United Council of UW Students

  
Rolf Wegenke  
President  
Wisconsin Association of  
Independent Colleges and  
Universities

  
Paul Gabriel  
Executive Director  
Wisconsin Technical College  
District Boards Association