

WISCONSIN STATE  
LEGISLATURE  
COMMITTEE HEARING  
RECORDS

**2003-04**

(session year)

**Assembly**

(Assembly, Senate or Joint)

**Committee on  
Colleges and  
Universities  
(AC-CU)**

(Form Updated: 11/20/2008)

**COMMITTEE NOTICES ...**

➤ [Committee Reports ... CR](#)  
\*\*

➤ [Executive Sessions ... ES](#)  
\*\*

➤ [Public Hearings ... PH](#)  
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➤ [Record of Comm. Proceedings ... RCP](#)  
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**INFORMATION COLLECTED BY COMMITTEE  
FOR AND AGAINST PROPOSAL ...**

➤ [Appointments ... Appt](#)  
\*\*

Name:

➤ [Clearinghouse Rules ... CRule](#)  
\*\*

➤ [Hearing Records ... HR](#) (bills and resolutions)  
\*\* **03hr\_ab0209\_AC-CU\_pt01**

➤ [Miscellaneous ... Misc](#)  
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## Vote Record

### Committee on Colleges and Universities

Date: 4/8/2003

Moved by: Balaw  
ED-V-5T

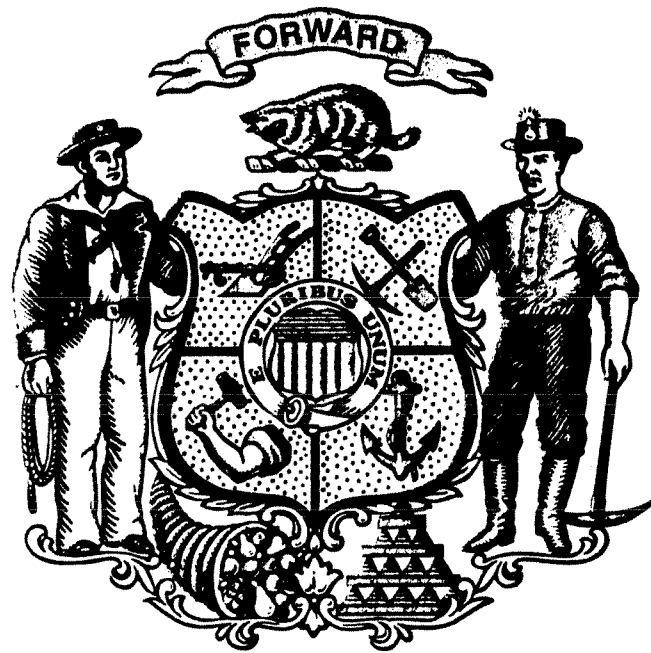
Seconded by: Underheim

AB 209 SB \_\_\_\_\_ 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>Representative Rob Kreibich</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Mark Gottlieb</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Gregg Underheim</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Stephen Nass</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Suzanne Jeskewitz</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Judy Krawczyk</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Debra Towns</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Jennifer Shilling</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Mark Pocan</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Larry Balow</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Spencer Black</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Representative Marlin Schneider</b>	<input checked="" type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>	<input type="checkbox"/>
<b>Totals:</b>	<u>12</u>	<u>0</u>	_____	_____



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

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WAICU

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WISCONSIN ASSOCIATION OF INDEPENDENT  
COLLEGES AND UNIVERSITIES

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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

TESTIMONY

on  
2003 Assembly Bill 209

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

Assembly Committee on Colleges and Universities

April 8, 2003

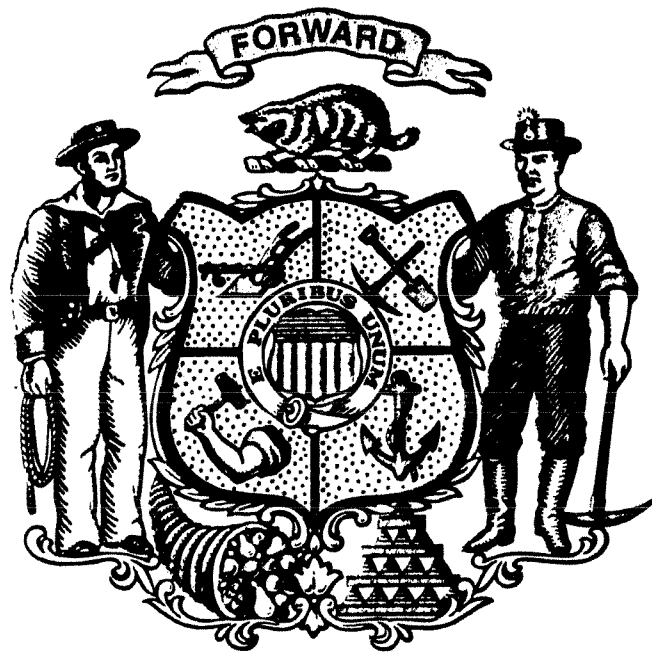
Good morning. Representative Kreibich and members of the Committee, thank you for the opportunity to testify today. My name is Rolf Wegenke, and I am the president of the Wisconsin Association of Independent Colleges and Universities (WAICU). Our organization represents the more than 54,000 students attending the twenty private (or independent) colleges and universities in the state. I also hold a statutory seat on the College Savings (EdVest) Board.

Paying for college is a shared responsibility. Students and their families, colleges and universities themselves, and the state and federal government all have a vested interest in making sure that a higher education is affordable for all qualified students. Our economy and all of society benefits as we increase the number of state residents with post-high school degrees. If Wisconsin could increase the percentage of the state's residents with four-year degrees to just the national average, we would add over \$7 billion to our tax base.

I mentioned in my earlier testimony that WAICU's members are doing their part to make college affordable by controlling costs and raising significant amounts of private aid. But as college costs and tuition increase, not only must financial aid increase, but we must also ask students and their families who have the means to shoulder a larger share of the burden. While no direct state funds are involved, passage of AB 209 demonstrates that the State of Wisconsin is willing to meet families at least part of the way by reducing the tax burden on those funds that are designated for college savings.

Assembly Bill 209 creates additional options for extended families to set aside funds for the education of our state's young people. WAICU has supported EdVest since its inception, and we are proud to stand with you again today.

Again thank you for the opportunity to express my support for Assembly Bill 209.



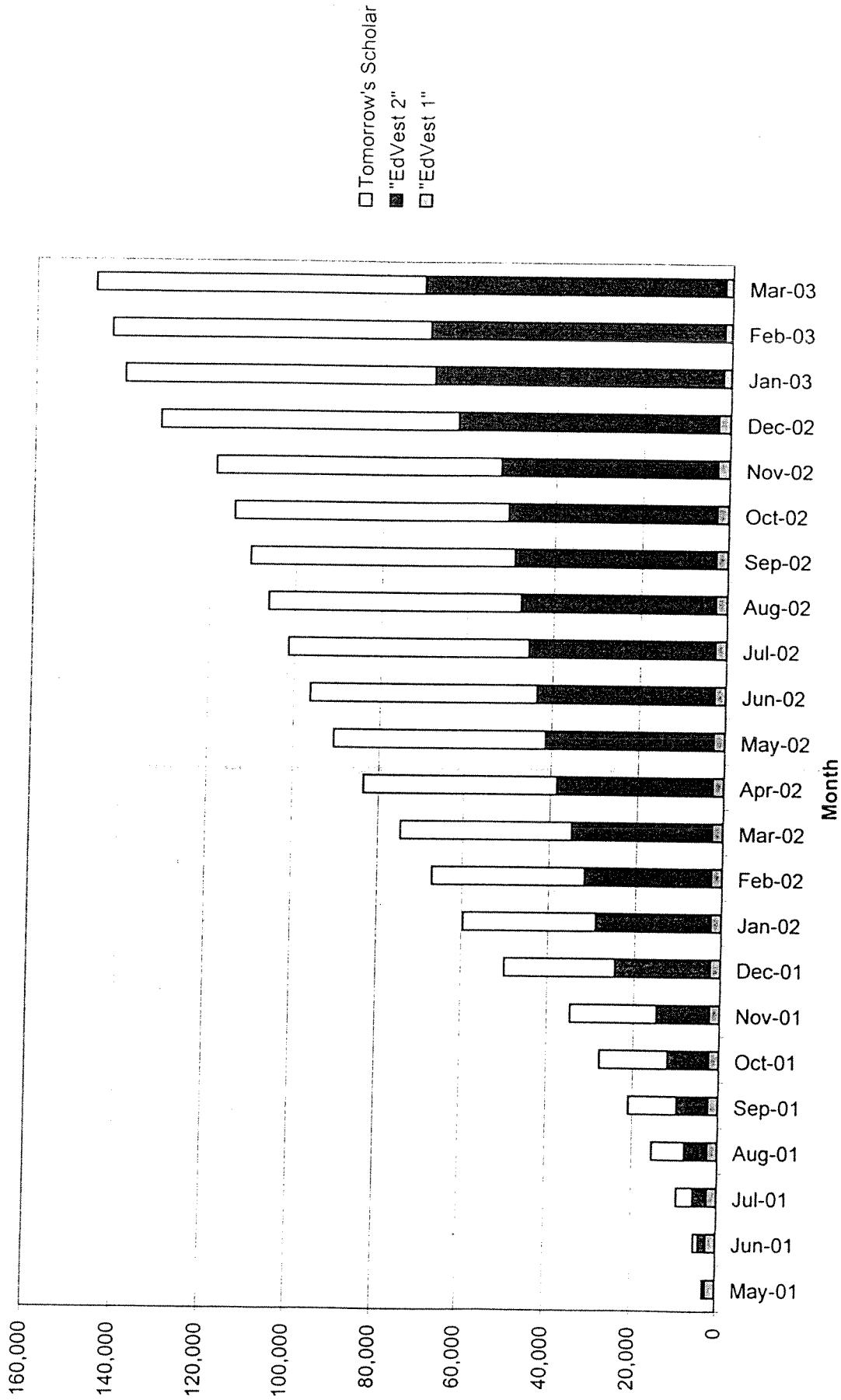
**Assembly Committee on Colleges and Universities**  
**Talking Points for AB209**

**Jack C. Voight, State Treasurer, April 8, 2003**

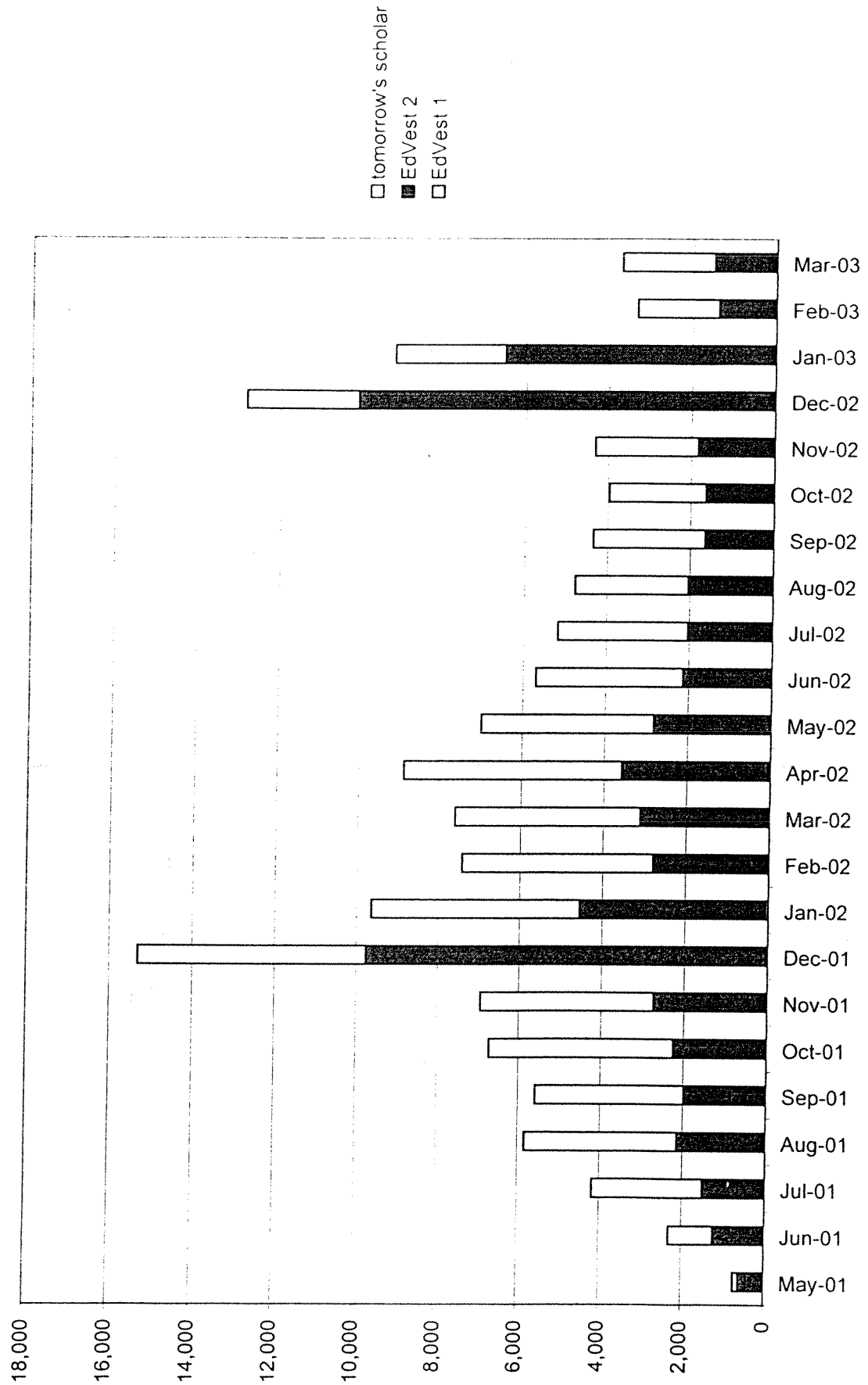
1. A few years ago the legislature unanimously passed a bill [introduced by Rep. Kreibich] authorizing major expansion and improvements to the EDVEST College Savings Program. This legislation, 1999 Act 44, allowed the program to take full advantage of federal "section 529 program" tax benefits and to successfully compete with the college savings programs now offered by nearly every other state.
2. I'm pleased to announce that the expanded EDVEST program has been very successful. Thanks to Act 44, we were able to partner with a private sector investment and program manager. After a national search, the Department of Administration selected Strong Capital Management of Menomonee Falls to re-launch the EdVest program in May 2001. A sub-contract with American Express offers a similar program, Tomorrow's Scholar, nationally. As you can see from the graphs I've distributed, we now have nearly 150,000 accounts with \$700 million invested. About half of the accounts are from Wisconsin residents.
3. Act 44 and subsequent legislation also created a new state tax deduction that allows parents and grandparents to deduct from taxable state income up to \$3,000 per year per child for contributions to their EDVEST account.
4. The new tax deduction has been incredibly effective as an incentive to get parents and grandparents to start saving for future college expenses. However, several small -- but very important -- groups got left out of the bill. Aunts, uncles and great-grandparents! Relatives love the EDVEST program because it's a targeted way for them to help with a child's career. I say targeted because the money can only be used for college expenses. If the child doesn't attend college or drops out, refunds go back to the account owner.
5. Some of you have probably received calls from aunts, uncles or great-grandparents over the past year. These folks are interested and committed to helping as best they can, and they believe they too should be eligible for this deduction.
6. Extending the EdVest state tax deduction to this group will increase tax benefits with minimal net impact on state tax revenues.
7. It's a win-win situation: for relatives who want to contribute to their families' future, for the students themselves who may otherwise struggle to get through college, for the state, which gets the benefit of a highly educated citizen population, and for employers, who can look to local resources to get the job done!

Thank you for this opportunity to provide input on this important issue.

# EdVest College Savings Program -- Cumulative Number of Accounts

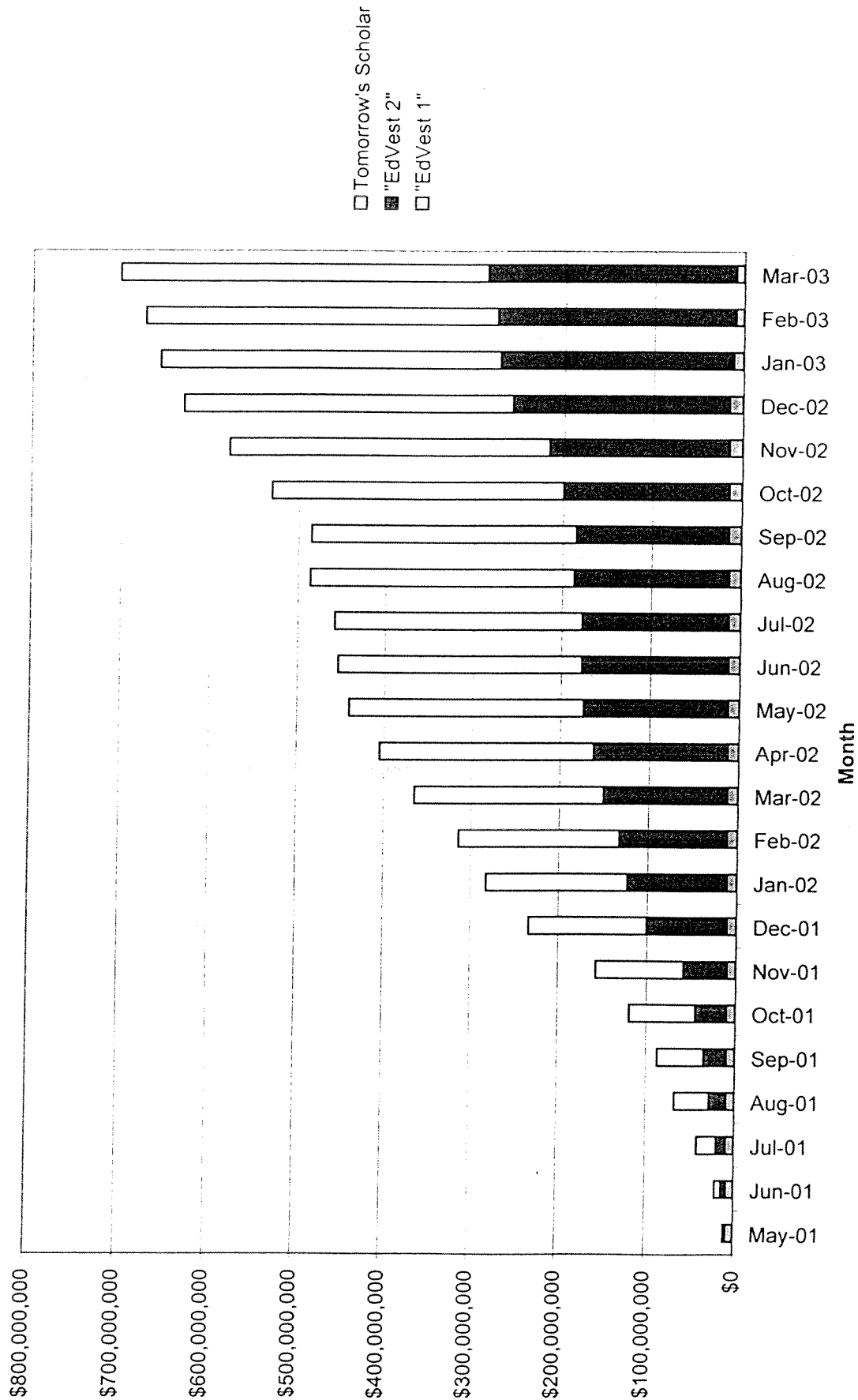


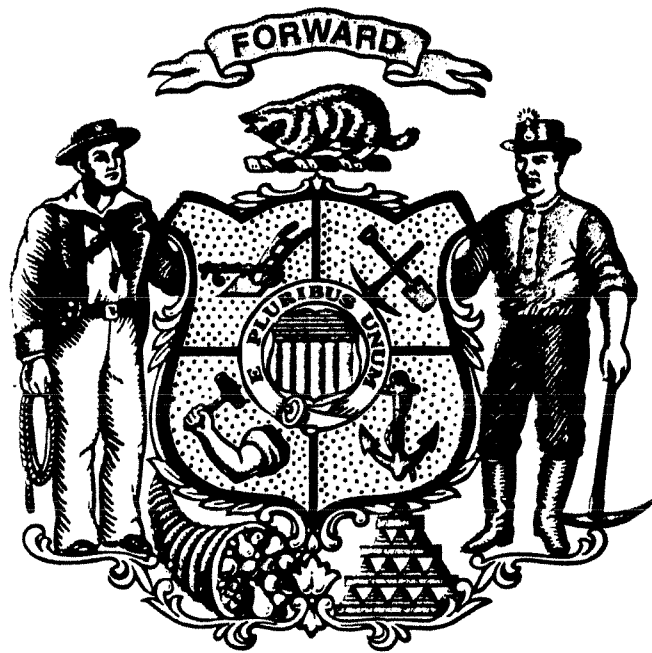
# EdVest College Savings Program -- Total Monthly New Accounts





# EdVest College Savings Program -- Cumulative Total Assets





*STATE OF WISCONSIN*  
*REPORT OF THE JOINT SURVEY COMMITTEE ON TAX EXEMPTIONS*

*2003 ASSEMBLY BILL 209*

[Introduced by Representatives Kreibich, Jeskewitz, Miller, Hahn, Gronemus, Van Roy, Krawczyk, M. Lehman, Hines, Lemahieu, Musser, Seratti, Owens, Grothman, Ainsworth, Freese, Gunderson, Bies, Ott, Shilling, Towns, Cullen, McCormick, Vrakas, J. Fitzgerald, Coggs, Olsen, Suder, Lassa, and Pettis, cosponsored by Senators Darling, Schultz, Stepp, Harsdorf, Kedzie, Roessler, Wirch, and Breske.]

**General Nature of Proposal**

Under current law, the state offers two "EdVest" programs that allow families to save for a college education. Under the "EdVest 1" program, a contributor may purchase "tuition units" that can be used to pay qualified educational costs on behalf of a beneficiary. The purchase of such units is limited to parents, grandparents, aunts, uncles, legal guardians, trusts created on behalf of a beneficiary, or individuals purchasing units for their own use. Contributions to an account may be deducted from a contributor's income in the calculation of his or her state income taxes up to the amount of \$3,000 each year and only if the beneficiary is one of the following: (1) the claimant; (2) the claimant's child and the claimant's dependent; or (3) the claimant's grandchild.

The state also offers "EdVest 2," under which anyone may open a college savings account for a prospective student, regardless of the contributor's relationship to the beneficiary. Contributors may open accounts for themselves, and a prospective student may be the beneficiary of more than one college savings account. Contributions made to an account set up under the program, up to a limit of \$3,000 each year for each beneficiary, may be deducted from a contributor's income in the calculation of his or her income taxes if the beneficiary of the account is one of the following: (1) the claimant; (2) the claimant's child and the claimant's dependent; or (3) the claimant's grandchild.

Under the bill, an income tax deduction for amounts contributed to either EdVest program may be claimed by a great-grandparent, an aunt, or uncle of the beneficiary, subject to the same limits and conditions that exist under current law.

The bill does not modify the limitations under current law which provide deductions claimed under either EdVest program, per beneficiary, by any claimant may not exceed \$3,000 each year and, in the case of a married couple filing a joint return, the total annual deduction under the two programs, per beneficiary, claimed by the married couple may not exceed \$3,000 each year.

**Legality Involved**

There are no questions of legality involved.

**Fiscal Effect Upon the State and Its Subdivisions**

The Department of Revenue has estimated the fiscal effect upon the state as follows:

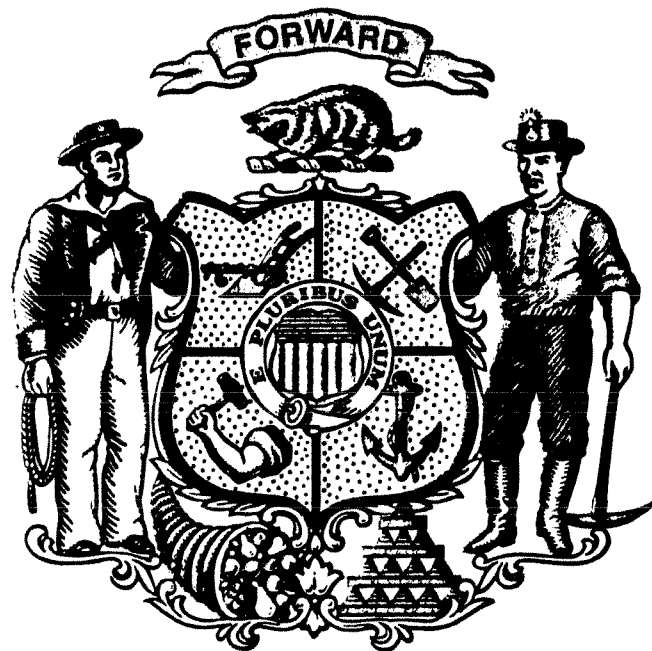
According to EdVest, aunts, uncles, and great-grandparents opened about 600 new accounts in 2002. Assuming an additional 600 new accounts are opened annually by aunts, uncles, and great-grandparents, contributions made to these accounts would be about \$430,000 annually. Assuming an effective marginal tax rate of 5.5%, the fiscal effect of this bill would be about \$24,000 ( $\$430,000 \times .055$ ).

The fiscal effect may be slightly understated, as the data does not include the Tomorrow's Scholar accounts portion of the EdVest program. More than 95% of all Tomorrow's Scholar accounts are owned by non-residents and the revenues impact to the state is minimal.

The Department would incur minimal administrative costs that could be absorbed within the agency's budget.

**Public Policy Involved**

The bill is good public policy.



# Edvest Bill - LRB 14/18/2

AB 209

Deadline: MARCH 8th - Fri

## Representatives

## Senators Extended to 14th

MARK MILLER  
 Eugene Hahn  
 Barb Gronemus  
 KARL VAN TROY  
 Judy Krawczyk  
 Michael Lehman  
 JA Hines  
 DANIEL LeMahieu  
 Terry Musser  
 Lorraine Scatti  
 CAROL OWENS  
 Glen Groffman  
 John Ainsworth  
Jes Kewitz (Co. Auth)  
 Freese  
 Scott Bunderson  
 Bres  
 Al Ott Stalling

Towns  
 Cullen  
 McCormick  
 VIKAS  
 Fitz  
 Coggs  
 LOOLSON  
 Suder  
 LASSA  
 Pettis

Dale Schultz  
 Cathy Stepp  
 DAILING (Co. Auth)  
 Harsdorf  
 Ketzle  
 Carol Roessler  
 Wirth  
 Breske