

# DAVE MURPHY

State Representative • 56th Assembly District

Assembly Committee on Workforce Development  
Public Hearing, February 5, 2018  
Assembly Bill 888 “Earned In-State Tuition”  
Testimony of State Representative Dave Murphy

Mr. Chair and members of the committee, thank you hearing Assembly Bill 888 today.

The Wisconsin economy is growing but with nearly 100,000 job openings and an aging workforce it's urgent that we take action to recruit and retain new talent.

Only one in ten University of Wisconsin (UW) System out-of-state students stays in Wisconsin within two years after graduation. There's a huge untapped source of workforce talent right in our backyard.

Our bill gives UW System and Wisconsin Technical College System (WTCS) graduates the ability to earn partial “in-state tuition” by living, working, and paying taxes in Wisconsin for at least two years after graduating. This would address our workforce needs quickly, efficiently, and potentially at no net cost to the state.

Residents of Wisconsin pay a reduced tuition rate at UW and WTCS campuses, due to their tax contributions to these institutions over the years. It's only fair that new Wisconsinites be able to earn partial in-state tuition after contributing to our state's economy.

Under my bill, beginning on July 1, 2019, the Department of Workforce Development (DWD) could start paying out grants to individuals who meet the qualifications specified in the bill and administrative rules. The bill authorizes only a ten year pilot program, capped at \$15 million per year.

Graduates may earn the grant for up to five consecutive years, as long as they continue to live and work in Wisconsin. If they leave or stop working here, they would no longer be eligible to receive the grant. Since the grant is contingent on individuals living and working in our state for at least two years, the grant could easily pay for itself as the tax base is grown.

The total amount an someone may earn over five years would be worth up to 50 percent of the difference between in-state tuition and non-resident tuition that the graduate was charged during their time as a student. The grant is taxable income, reducing the future fiscal impact on the state budget.

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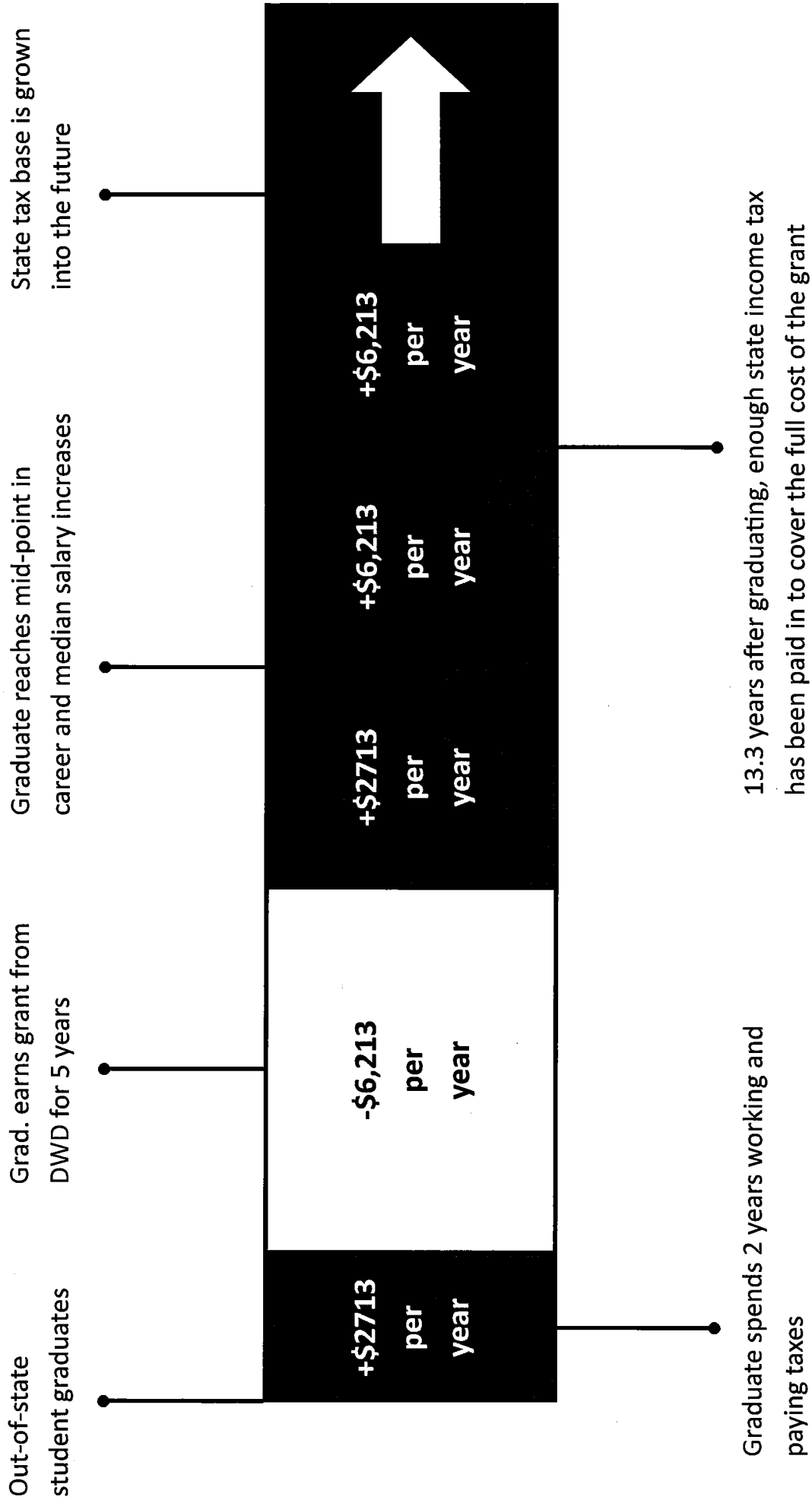
As an example, the median salary for a recent UW–Madison graduate with a bachelor’s degree is \$54,400 per year. At this income level, they would be paying \$2,700 in state income taxes alone. Keep in mind this is on top of the out-of-state tuition differential that they already paid while a student. Moreover, the median salary for a UW–Madison graduate at the mid-career is \$101,800, which would bring their annual state income taxes to \$6,000. For such an individual, the state would break even just a little more than ten years after issuing the first grant to the graduate, all while the economy is growing and the graduate is putting down roots that will continue to grow the Wisconsin workforce well into the future.

This workforce program will be marketed toward out of state students. Graduates will not just earn a grant, but they will feel like they are truly earning a home as a life-long Wisconsinite.

The bill was drafted with the assistance of UW System, WTCS, and WEDA. We’re also working closely with the Department of Workforce Development to hammer out the necessary details to make this program successful.

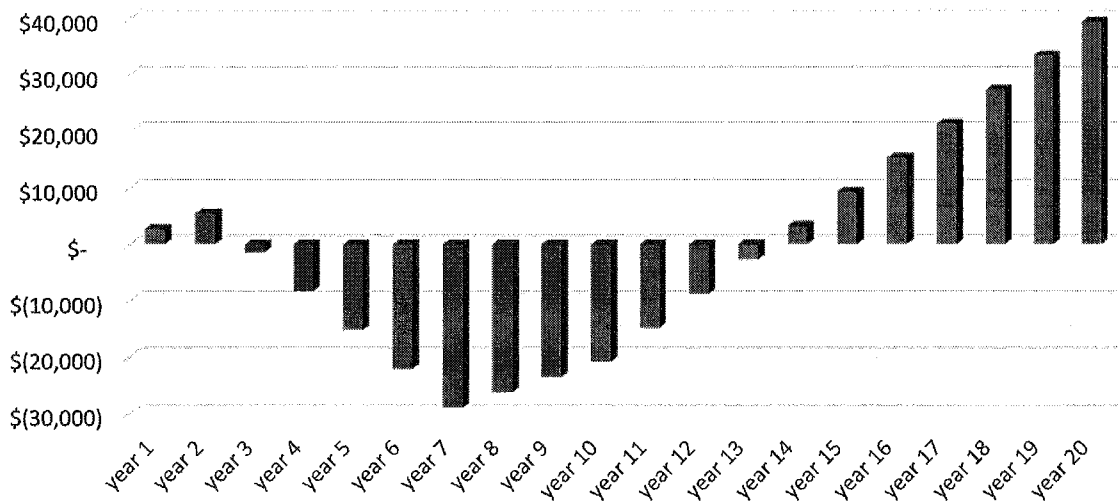
Each year, over three thousand out-of-state students graduate from Wisconsin institutions. This powerful incentive will encourage many out-of-state graduates to become permanent Wisconsin residents and contributors to our growing economy.

# Timeline of a Non-Resident Student From Graduation to Working Wisconsinite



Year	DWD Grant	Income Taxes Paid	Net
year 1		\$2,713	\$ 2,713
year 2		\$2,713	\$5,426
year 3	(\$9,600)	\$2,713	(\$1,461)
year 4	(\$9,600)	\$2,713	(\$8,348)
year 5	(\$9,600)	\$2,713	(\$15,235)
year 6	(\$9,600)	\$2,713	(\$22,122)
year 7	(\$9,600)	\$2,713	(\$29,009)
year 8		\$2,713	(\$26,296)
year 9		\$2,713	(\$23,583)
year 10		\$2,713	(\$20,870)
year 11		\$6,030	(\$14,840)
year 12		\$6,030	(\$8,810)
year 13		\$6,030	(\$2,780)
year 14		\$6,030	\$3,250
year 15		\$6,030	\$9,280
year 16		\$6,030	\$15,310
year 17		\$6,030	\$21,340
year 18		\$6,030	\$27,370
year 19		\$6,030	\$33,400
year 20		\$6,030	\$39,430

**Net Revenue for State  
from UW-Madison Graduate Earning Median Salary**



An out-of-state undergraduate student who attends UW-Madison pays roughly \$24,000 more per year than an in-state student. That equals \$96,000 in additional tuition paid to the state over a four-year period to receive a baccalaureate degree. Under the bill, an eligible individual who graduates from UW-Madison would be eligible for a grant of 50% of that difference, or \$9,600 for five years.

The median salary of a recent (0-5) graduate of UW-Madison is \$54,400 (according to PayScale). An individual earning this salary would pay in about \$2,713 a year in state income tax. The median salary for a mid-career graduate of UW-Madison is \$101,800. This would bring their annual income tax up to \$6,030 after ten years of employment.



# PATRICK TESTIN

STATE SENATOR

DATE: February 6<sup>th</sup>, 2018  
RE: Testimony on 2017 Assembly Bill 888  
TO: The Assembly Committee on Workforce Development  
FROM: Senator Patrick Testin

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Thanks to Chairman Petryk and members of the committee for allowing me to present testimony on Assembly Bill 888 (AB 888), which establishes grants for UW and technical college students who pay out of state tuition, but choose to establish roots in Wisconsin following graduation.

As we all know, eight years ago in January of 2010, Wisconsin's unemployment rate was 9.2%. Today, our state's unemployment rate is sitting at a historically low 3.0%. Over the last eight years, Wisconsin has made "Open for Business" more than a slogan – it's an attitude and a way of life. Our state is on the right track, but with this success comes a new challenge.

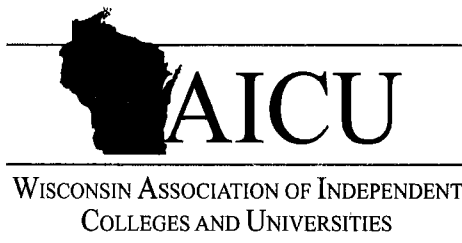
Over the next seven years, Wisconsin will need at least 45,000 new workers to meet the needs of our growing economy. AB 888 will help bolster our workforce by enabling out of state students who come here for an education in the UW System or the Wisconsin Technical College System (WTCS) to earn in-state tuition.

Under this legislation, the Department of Workforce Development (DWD) would begin paying out grants on July 1, 2019 to graduates who meet certain criteria. The bill allows an individual to receive annual grants for up to five consecutive years as long as they first live in Wisconsin for two years, and remain living and working in the state thereafter. These annual grants would equal 10% of the difference between the out of state tuition paid by the student and the tuition that would have been paid had they been a resident.

Each year, over three thousand out-of-state students graduate from Wisconsin institutions, yet only approximately 10% of these students who attend UW System schools currently stay in Wisconsin. This bill aims to change this situation. I'd like to thank the UW System, WTCS, and WEDA for their assistance in drafting this bill.

I hope you'll join me in supporting this workforce development legislation.

ALVERNO COLLEGE  
BELLIN COLLEGE  
BELOIT COLLEGE  
CARDINAL STRITCH UNIVERSITY  
CARROLL UNIVERSITY  
CARTHAGE COLLEGE  
COLUMBIA COLLEGE OF NURSING  
CONCORDIA UNIVERSITY  
EDGEWOOD COLLEGE  
LAKELAND UNIVERSITY  
LAWRENCE UNIVERSITY  
MARIAN UNIVERSITY



WISCONSIN'S PRIVATE, NONPROFIT COLLEGES AND UNIVERSITIES  
WORKING TOGETHER FOR EDUCATIONAL OPPORTUNITY

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

## Testimony on Assembly Bill 888

by

**Dr. Rolf Wegenke, President**

**Wisconsin Association of Independent Colleges and Universities (WAICU)**

to

**Assembly Committee on the Workforce Development**

**February 6, 2018**

Chair Petryk, members of the committee, my name is Rolf Wegenke, and I am president of the Wisconsin Association of Independent Colleges and Universities, the official organization of Wisconsin's 24, private, nonprofit institutions of higher learning and their 55,000 students. In addition to my day job, I am also a member of the Governor's Council on Workforce Investment, chair the Human Capital Committee of the Wisconsin Technology Council, and serve as a sponsoring partner of WMC's "*Future Wisconsin Summits*." All of these organizations are wrestling every day with the challenges of talent development and attraction.

By 2020, 62 percent of all jobs in Wisconsin will require a postsecondary degree or certificate; today only 47 percent of our working age population hold such a degree. According to the Georgetown University Center on Education and the Workforce, 55 percent of the "good" (defined as well-paying) jobs will require at least a baccalaureate degree. Even if we succeed in providing affordable and accessible education for all current Wisconsin citizens – which we must do – it will not be enough. We need to attract talent from out-of-state, and that is what Representative Murphy and Senator Testin's bill is intended to do. The existence of these grants provides an incentive for students to come here for their higher education, as well as stay here after graduation.

As currently written, the grants would be provided only to graduates of a UW or a technical college campus. My request is the bill be amended to make it possible for out-of-state graduates of Wisconsin's private, nonprofit colleges and universities to also receive a grant. More is better! By the time the grant

would be awarded, the students would be citizens of Wisconsin, and making a difference in building our talent base. Denying them eligibility favors one group of Wisconsin citizens over another and sends a message to out-of-state students making their college choices that if they choose a private college, the state of Wisconsin is not welcoming them or encouraging all those across the border to stay and work here or start a business here.

On behalf of those students and on behalf of those future Wisconsin citizens, I ask, not for special treatment, but for equal treatment. More is better!

I would be happy to answer any questions.



Testimony on *Assembly Bill 888* before the  
**ASSEMBLY COMMITTEE ON WORKFORCE DEVELOPMENT**  
February 6, 2018

*Wisconsin Economic Development Association*

Good morning Chairman Petryk and members of the committee. My name is Michael Welsh, and I am the legislative affairs director for the Wisconsin Economic Development Association. Thank you for the opportunity to testify today in favor of Assembly Bill 888.

WEDA is a statewide association representing roughly 450 public and private sector economic development professionals. We are dedicated to advancing economic prosperity in Wisconsin and providing our members with the necessary tools to encourage business expansion and promote private investment.

Strengthening Wisconsin's workforce is a priority for WEDA members and economic development in general. In fact, there has always been a natural overlap between economic development and workforce development. But with Wisconsin's worker shortage hitting crisis levels, the two have essentially become one in the same.

One of the most important factors in successful business retention and attraction is the presence of a strong talent pipeline that meets the workforce needs of the business community. However, between an aging population, a declining birthrate, record low unemployment, and difficulty attracting new residents, Wisconsin does not have enough workers to fill current job openings.

Wisconsin's worker shortage impacts every industry sector and threatens economic growth statewide. Unfortunately, there is no simple solution to the problem. It will require a comprehensive strategy that includes collaboration between businesses and policymakers, and the implementation of bold, forward-thinking policies and programs.

Progress has certainly been made, and WEDA would like to commend the Legislature for focusing on workforce issues and implementing long-term policies to address the state's workforce shortage. However, many challenges remain and efforts to attract new workers to Wisconsin in the short-term should be a priority.

Wisconsin has long struggled to attract people from other states, and we typically rank near the bottom nationally for the number of people moving into our state. In fact, Wisconsin has recently had a negative net migration rate – meaning the number of people moving out of the state has exceeded the number of people moving into the state. According to U.S. Census Bureau figures, between 2010-2017, Wisconsin “lost” 68,738 residents.



Assembly Bill 888 could be part of the solution in reversing this trend. The legislation alone will not solve our workforce challenges, but it would certainly help strengthen Wisconsin's labor force by encouraging talented, young professionals to live and work in Wisconsin after they graduate from college.

The proposed legislation would enhance Wisconsin's workforce by targeting an educated, work-ready population often overlooked: Out-of-state students that attend Wisconsin's public colleges and universities. Each year, roughly 3,000 non-resident students graduate from UW System institutions. Unfortunately, about 90% of them leave Wisconsin within two years after graduation. AB 888 would help improve that disheartening statistic by offering out-of-state graduates the opportunity to earn "in-state tuition" by remaining in Wisconsin after graduation to live and work – as well as pay taxes and contribute to the state's economy.

Non-resident students are a prime target population, as they already understand the value of living in Wisconsin and what the state has to offer in terms of professional and personal opportunities. AB 888 bill would offer a significant incentive to encourage non-resident graduates to become permanent Wisconsin residents and ultimately help alleviate the state's workforce shortage.

In closing, I would urge you to support Assembly Bill 888 as part of a comprehensive strategy to address Wisconsin's worker shortage crisis. Thank you for your time and consideration. I would be happy to answer any questions.



# Talent Attraction Bill – AB 888

## Priority Statement:

The Wisconsin Economic Development Association (WEDA) SUPPORTS legislative efforts to address Wisconsin's workforce shortage crisis. WEDA encourages the Legislature to pass Assembly Bill 888 – the *Earned In-State Tuition Incentive* bill – to help strengthen Wisconsin's labor force by encouraging talented, young professionals to live and work in Wisconsin after they graduate from college.

## Background:

Economic growth is highly dependent on the presence of a strong talent pipeline. As such, attracting young, skilled professionals is a critical component to regional and statewide economic prosperity. Unfortunately, an aging population, record low unemployment, and anemic in-migration patterns have contributed to a workforce supply and demand mismatch in Wisconsin. Consequently, the state does not have enough workers to fill current job openings.

## Bill Summary:

Assembly Bill 888 will help strengthen Wisconsin's workforce by targeting an educated, work-ready population often overlooked: Out-of-state students that attend Wisconsin's public colleges and universities. Each year, over 3,000 non-resident students graduate from UW System institutions. Unfortunately, over 90% of them leave Wisconsin within two years after graduation. The legislation will help reverse this trend by offering out-of-state graduates the opportunity to earn "in-state tuition" by remaining in Wisconsin for two years after graduation to live and work – as well as pay taxes and contribute to the state's economy.

Once eligible, individuals would be reimbursed, in equal payments over five years, 50% of the difference between in-state tuition and what they were charged for non-resident tuition. If they leave the state or stop working, they would lose eligibility and any future benefits. The bill sunsets the program after 10 years and caps total awards at \$15 million per year.

Non-resident students are a prime target population, as they already understand the value of living in Wisconsin. The *Earned In-State Tuition Incentive* bill will offer a significant incentive to encourage these individuals to become permanent Wisconsin residents. It provides a bold, forward-thinking public policy that begins to address Wisconsin's talent gaps and workforce shortage.

## Action Requested:

Please support Assembly Bill 888 to provide the state with a powerful talent attraction tool to encourage skilled professionals to live and work in Wisconsin, and ultimately help address the workforce shortage crisis that threatens economic growth.

*Advancing Wisconsin's Economy through Advocacy and Education*

## Key Discussion Points

- Wisconsin is facing a workforce crisis, as it lacks enough workers to fill current job openings.
- This shortage impacts every industry sector and threatens economic growth across the state.
- Over 3,000 non-resident students graduate from the UW System each year. But within two years of graduation, over 90% of them leave the state.
- Assembly Bill 888 will provide out-of-state students the opportunity to earn "in-state tuition" by staying in Wisconsin after graduation – to live, work, and pay taxes.
- AB 888 will help pay for itself through additional tax base growth provided by new residents permanently moving to Wisconsin.
- The program would sunset in 10-years and be capped at \$15 million annually.





## ***SSI Technologies, Inc.***

Re: Talent Attraction Bill (SB 732 / AB 888)

Wisconsin is faced with an aging population, near record low unemployment, and a slow growing population that have contributed to a workforce supply and demand mismatch. Like many employers, SSI is challenged to recruit and retain employees to meet our production demands.

SSI is exhausting many efforts in attracting new employees and retaining the ones we have. We are taking a proactive approach in trying to stay ahead of this as much as we can. That means engaging with the community, partnering with schools, and offering unique perks.

We generate goodwill in the community by sponsoring events, supporting non-for-profits, and exposing students to the manufacturing world through our youth apprenticeship program.

We have created a pipeline by partnering with local high schools and colleges to make sure training is aligned with company needs. And, we recruit at college campuses.

We have added perks to our strong benefits package.

Still, we are challenged to recruit and retain employees to meet our production demands.

SSI supports the Talent Attraction Bill which encourages talented, young professionals to live and work in Wisconsin to begin to addressing our talent gap and workplace shortage. SSI is confident that having employees in this program for a five year commitment will result in employees who will make Janesville there life-long home as they will be rooted in our community.

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