



October 11, 2013

## **AB 177 Receives Public Hearing on Short Notice**

- Bill would end technical colleges' local board control, local campus ownership, local employment of faculty and staff, and local revenue/taxation.
- Twice postponed in August, the Thursday, October 10<sup>th</sup>, hearing was announced on Monday.
- Business leaders, board members, colleges and WTCS provide great testimony in opposition to bill.
- No action taken; favorable vote out of committee unlikely at this time; bill could be amended to be more viable.

After two hearing postponements in August, it was not clear if AB 177 would receive a public hearing this session. Several members of the Assembly and their staff expressed concerns about the bill. They noted that there may not be a hearing, or, agreed with us that they did not see a compelling reason for one. Others suggested that an amended bill version would be produced prior to any hearing that might be more consistently supportable across majority members of the Assembly. Instead, a notice was issued on Monday for a Thursday, October 10<sup>th</sup>, hearing in the Assembly's Committee on Colleges and Universities.

### **What the Bill Would Do**

AB 177 was introduced by Representative Garey Bies (R-Sister Bay) and is co-sponsored by two other members of the Assembly and no members of the Senate. It would place a binding referendum on the Spring, 2014, statewide ballot. The referendum, if supported, would trigger a series of changes in Spring, 2015. These changes would:

- eliminate all technical college local control and their status as local governments;
- eliminate local property tax funding and local issuance of debt;
- shift all technical college employees from being local employees to become state employees; and
- transfer all college facilities, assets, contracts, debt and liabilities to the state.

This would effectively eliminate technical college districts as a form of local government and re-create them as fully state-controlled colleges. The bill expressly states that, upon implementation, “... a district’s board is only responsible for advising the district director, who is appointed by the WTCS Board.”

The proposal would also increase the state sales tax by 20%, from ¢.05 to ¢.06. Representative Bies’ co-sponsorship memo stated in part that:

“... Wisconsin needs a sustainable, long-term solution to keep our tech schools competitive that isn’t dependent on property taxpayers. Under this bill, if approved through referendum by a majority of voters, *the tech college system would be funded by a one-cent increase in the state sales and use tax.*”  
(emphasis added)

However, the bill does not dedicate any amount of the new sales tax revenue (or any other state funds) to the new college system to replace lost property tax revenue. Collectively, technical colleges levy about \$790 million annually for operations and authorized debt. The referendum would not ask voters to support using the new state revenue to operate technical colleges, and the bill itself does not do so in any amount. Such choices, instead, would be left to future legislators and future state budget processes.

## Hearing Testimony

As is universal custom, a bill’s author is called first to present the bill’s underlying rationale to committee members holding the public hearing. Rep. Bies was at the hearing table for almost one hour and presented the bill as a solution to the evolution of “voc ed” institutes of days gone by to become a full-fledged college system. In that sense, he argued, it was no longer appropriate for the colleges to be primarily funded by local property taxes. The state UW System, of course, is not. He asserted, as he has been quoted over the years in print media, that technical college boards are an example of “taxation without representation,” not responsive and, according to some of his constituents, “ignore citizens.”

Representative Bies asserted that the bill’s changes would not reduce local responsiveness because a local college board would still advise the local (state employed) president, who would then “come to Madison” to make the case for the resources to meet local needs. In some fashion, other committee members echoed the notion that eliminating local board governance would not necessarily erode college responsiveness.

Mr. Bies received a number of questions, mostly centered on the bill’s many “moving pieces” and its unanswered (in the bill) implementation process. As an example, one member asked how bonding and debt would be transferred legally from local districts to the state. This would be left to future legislation that would be triggered by the referendum’s passage, the Representative and legislative legal counsel answered.

Mr. Bies testified that he believes the colleges do a good job and serve an important purpose. He also referenced having both graduated from a technical college with law enforcement training and, more recently, having taken courses and certification in support of his business as a restaurant owner.

One other citizen testified in support of the bill. A UW (or former UW) employee, this person described himself as a vigilant attendee of technical college board meetings in his area, a regular commentator in the press in support of electing boards and ending local taxation, and an active citizen in terms of observation and questioning of local college and systemwide operations.

In opposition to the bill, an exceptional array of testimony was presented focusing largely on business and industry leaders statewide. The following testified in person:

- Tom Felch, President/Owner, J&D Tube Benders, Weston.
- Dr. Lori Weyers, President, Northcentral Technical College.
- Stephanie Sklba, Vice President of Community & Government Relations, Gateway Technical College.
- Stephen Kohler, Director of Human Resources, Pierce Manufacturing, an Oshkosh Corporation Company, and FVTC board member, Appleton.
- Dr. Mike Lanser, President, Lakeshore Technical College.
- John Lukas, Vice President, LDI Industries, and LTC board member and former Boards Association President, Manitowoc.
- Alyce Dumke, Executive Director of the FVTC Foundation, Appleton.
- Patti Balacek, Director of Business and Industry Services, Western Technical College.
- Kelly Ryan, CEO, Incourage Community Foundation of Wisconsin Rapids.
- Morna Foy, President, Wisconsin Technical College System.

Those testifying at or attending the hearing also submitted written testimony or letters opposing the bill, which were placed into the record. They included:

- Robin K. Roberts, President, Roberts Construction Associates, Inc., Madison.
- Jim Riordan, President/CEO (retired), Wisconsin Physicians Service (WPS) Health Insurance, Madison.
- Jerry Brunner, Human Resources Director (retired), Hartung Brothers, Inc., Madison.
- Tim Casper, Vice President for Budget and Public Affairs, Madison College.
- Steve Mirecki, President, Color Craft Graphic Arts, Manitowoc.
- Mark O. Sommer, President, Precision Manufacturing Solutions, Racine.
- Chris Moore, President/CEO, Northeast Wisconsin Industries, Sturgeon Bay.
- Brian D. Rude, Vice President, External and Member Relations, Dairyland Power Cooperative, La Crosse.
- Lou Schweigert, President, Gro Alliance, Cuba City.
- Michael E. Ravn, President/CEO, Church Mutual Insurance, Merrill.
- Peter J. Manowske, President, Manowske Welding Corporation, Fond du Lac.

- Mary Krueger, President, Ministry Saint Clare's Hospital, Weston, and Ministry Good Samaritan Hospital, Merrill.
- Jay E. Torké, President/CEO, Torké Coffee Roasting Co., Sheboygan.
- Jeffrey P. Kroes, Vice President, La Crosse Operations, Pacal Industries, LLC, (LaCrosse/Roseville, MN).
- Michael J. Dougherty, President/CEO, D&S Manufacturing, Black River Falls.
- Ron Brisbois, President, Prosperity Southwest Wisconsin, Fennimore.
- Rick Recktenwald, President/CEO, Walker Forge, Inc., Clintonville.
- Jim Sommer, President/CEO, Service Motor Company, Dale.
- Steve Tyink, Vice President of Business Innovation, Miron Construction, Neenah.
- Mike Weller, President/CEO, Miller Electric Manufacturing Co., Appleton.
- Dr. Tom Eckert, President, Blackhawk Technical College, Janesville.
- Paul Gabriel, Executive Director, Wisconsin Technical College District Boards Association, Madison.

Also attending the hearing were WTCS Senior Policy Advisor Nancy Merrill, HWZ Associates' Jason Bauknecht for MATC Milwaukee, and Sean Stephenson of Arena Strategy Group working on behalf of the Boards Association and all 16 colleges.

The group's comprehensive testimony emphasized the close connection linking local business, industry, and community needs, the colleges' responsiveness, the colleges' strong collaborative partnerships, local control balanced with statewide coordination and accountability, local governance and local funding. It was both individually and collectively cogent and powerful testimony in support of technical colleges and in opposition to this bill.

## **Next Steps**

It would be hard for any hearing observer to leave yesterday's proceedings believing this bill will proceed to passage and become law. Questions and concerns were raised about enough aspects of the bill to render it dead for most intents and purposes. "Most intents and purposes" however, does not cover the full spectrum of either intent or purpose, of course.

It is very possible that a new version of AB 177 or a new bill or bills could emerge before the session concludes sometime in late Winter or Spring, 2014. Such a proposal or proposals might address ways to "take technical colleges off property taxes." We will continue to work diligently to link our outcomes to local governance and funding. We will continue to support the very appropriate legislative dialog in ways to reduce statewide property tax burdens fairly, and ways to increase state investment in funding technical colleges.

A proposal might also address board governance once again in head-on fashion. While an "elected boards bill" does not seem to be brewing or have steam today, we know there is a history of introducing such proposals from time-to-time when questions or concerns find legislative momentum. We could see other proposals too, from attempts to shape, but not end, local governance or funding, or to change the reporting or accountability dynamic within the system or with the legislature.

Technically, the next step for AB 177 itself would be for it to be scheduled for “executive action,” a vote out of committee with a recommendation for passage by the full Assembly. Many bills never receive such a vote and ultimately die with the session. Practically, the next, and more likely, step will be to see whether any new bill version or new proposals come forward as a result of yesterday’s hearing.

To this observer, the hearing demonstrated a clear and powerful link between the private sector’s success and our colleges’ responsiveness to them as a function of our governance and funding. It also showed a sense of authentic concerns about local taxes and about appropriate local government authority in the midst of a session with several months’ to go before adjournment.

*This report was prepared by Paul Gabriel for members of the Wisconsin Technical College District Boards Association. Any analysis or opinion in the report is exclusively the author’s.*