



School Administrators Alliance

Representing the Interests of Wisconsin School Children

TO: Senate Committee on Universities and Technical Colleges
FROM: John Forester, Director of Government Relations
DATE: October 7, 2015
RE: Senate Bill 228 – Academic Excellence Scholarships

The School Administrators Alliance (SAA) opposes Senate Bill 228, relating to the Academic Excellence Higher Education Scholarship Program.

If adopted, SB 228 would significantly increase the amount of the academic excellence higher education scholarship by dramatically reducing the number of scholarships that may be awarded in an academic year. The bill also places two additional requirements on the qualifying candidate pool – a minimum 3.5 grade point average (GPA) and a score of at least 30 or higher on the ACT test. Finally, the bill creates a refundable income tax credit for a scholarship recipient who graduates from a Wisconsin institution of higher education and who resides and works in this state.

The SAA has the following concerns about this bill:

- SB 228 would dramatically reduce the number of scholarships awarded under the Academic Excellence Scholarship Program. According to the Higher Education Aids Board fiscal estimate on the bill, the current program has the potential to award 875 scholarships. Under SB 228, the potential applicant pool would be reduced to 399 scholarship recipients. That is a dramatic loss of educational opportunities for some of Wisconsin's highest performing students.
- SB 228 will result in significantly fewer scholarship recipients from small rural schools. It appears that under the bill, 229 schools that received a scholarship under the current program will be pushed into a larger pool of 410 schools to compete for just 70 total scholarships. Many more rural schools will have their current scholarship numbers cut in half, from 2 to 1. One comment I received from one rural school administrator summed up the numerous concerns I have heard from rural administrators all over the state:

“Why would the legislature want to penalize excellent students simply because they grew up in a rural area? Some of these students have already had to overcome living in school districts that could not come close to affording the depth and breadth of the curricular offerings in larger school districts. Why would the legislature try to further stifle the educational

attainment of kids that have risen above that and excelled in their local environments?”

- The bill requirement that qualified candidates must attain a score of at least 30 on the ACT will also cut down on the number of recipients. Only about 5% of ACT test takers receive a score of 30. It is likely that many award winners under the current program receive a score of less than 30. What’s more, once students score a 30 or above, they become eligible for lots of more lucrative scholarships. If the goal is to keep the best and the brightest, this provision may end up having the opposite effect as it will remove an incentive for students in the 95th percentile and below from attending an in-state institution.
- The bill appears to have some inconsistent internal logic. If the objective is to keep more of our best and brightest in-state, then why does the bill slash scholarship numbers at high schools with the highest ACT test scores in the state? Below I have listed 10 high schools that are among the highest scoring on the most recent ACT, as well as the number of scholarships they receive currently followed by the number they would receive under SB 228.

Top 10 HS ACT (minimum 20 taking the test)

Mequon Homestead	3-1
Whitefish Bay	2-1
Brookfield East	3-1
Cedarburg High	3-1
Middleton High	4-2
Brookfield Central	3-1
Arrowhead High	5-2
Waunakee High	3-1
McFarland High	2-1
Shorewood High	2-1

- The author assumes that a relatively small tax credit for the first five years after college would be enough to entice a new graduate to remain in Wisconsin. Is there evidence to suggest that would be the case?

We share the author’s desire to increase the amount of the Academic Excellence Scholarships and provide more incentive for high-performing Wisconsin students to attend Wisconsin institutions of higher education and, ultimately, to live and work in Wisconsin as well. We simply believe a better approach is to increase the appropriation and the scholarship amount for the current program.

Thank you for considering our views on SB 228. If you should have any questions on our position, please call me at (608) 242-1370.



Center for
Real Estate

Center for Real Estate
Rutgers Business School
1 Washington Park #1092
Newark, NJ 07102

www.business.rutgers.edu/cres
morris.a.davis@rutgers.edu
p.608-358-0717

October 2, 2015

Dear Senators of the Committee on Universities and Technical Colleges,

In recent years, on-net nearly 11,000 adults have left Wisconsin each year and moved to other states. Table 1 shows the net migration of adults into Wisconsin, by age in 5-year bins and by level of education in three groupings: Those with a high school degree or less (\leq HS), those with some years of college or an Associates degree (SOME COLL), and those with four years of college or more (\geq COL).¹ Focusing on the two upper-right cells of that table, the data suggest 8,720 college graduates (= 6,706 + 2,014) under the age of 30 move to other U.S. states from Wisconsin *each year*. This out-migration of young, highly educated adults accounts for nearly 80% of the total net migration out of the state. From this, I would conclude that Wisconsin has a brain drain problem.

I was asked to check how many of the 8,720 young college grads leaving Wisconsin each year were returning to their home state. To get at this, I studied migration patterns of 18-year-olds enrolled in college using other data from the American Community Survey. Table 2 shows that annually 4,244 18-year-olds leave Wisconsin to study in a different state and 4,809 18-year-olds enter Wisconsin to study from a different state.² That difference is only 565 people.

As America continues its transition to a high-skill, high value-add, high-wage economy, I have argued that Wisconsin should take immediate steps to (a) keep its best and brightest employed in state and then (b) attract high-skill, high-wage workers to move to Wisconsin from other states. Wisconsin has done the exact opposite; it is losing 10,932 adults to other states each year, and the workforce mix is tilting towards lower skill, as (shown in Table 1) Wisconsin is gaining 2,739 low skill workers per year and losing 14,039 college grads per year.

My advice is that the state immediately focus on retaining and attracting young, college-educated workers. Table 3 reports the annual probability of an across-state move, by 5-year age bin and for each of the three types of workers. Table 3 shows that young, highly-educated workers are most likely to move to a different state; and, the probability of an across-state move falls with age. If we can keep our college graduates in Wisconsin until the age of 30, the probability they move to a different state falls dramatically. This is one reason I am supportive of Senator Stroebel's plan. It is an important first step.

Morris A. Davis, Ph. D.

Paul V. Profeta Chair in Real Estate and Professor of Finance, Rutgers Business School

¹ The statistics in this table are derived from micro data from the American Community Survey, as collected by the U.S. Census Bureau, from 2008-2012.

² Of all the 18-year-olds going to college in Wisconsin, 26,714 per year were originally from Wisconsin.

Table 1
Annual Net Migration to Wisconsin from other U.S. States, by Age and Education
Data from the American Community Survey, 2008-2012

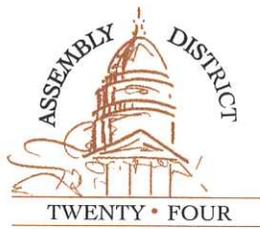
WISCONSIN			
	net migration		
age	<= HS	SOME COL	>= COL
21-24	1,411	2,740	-6,706
25-29	1,510	-47	-2,014
30-34	-224	-491	-770
35-39	-360	-1,015	108
40-44	-258	480	516
45-49	-368	-540	-489
50-54	634	-224	-925
55-59	80	312	-1,254
60-64	424	-317	-999
65-69	868	-354	-230
>=70	-978	-176	-1,276
total by edu	2,739	368	-14,039
total			-10,932

Table 2
18 Year Old Undergraduates Leaving and Entering Wisconsin
Data from the American Community Survey, 2008-2012

	age 18 -- undergraduates	
	leave Wisconsin	enter Wisconsin
Minnesota	1,573	1,930
Illinois	486	1,775
Other	2,185	1,104
total	4,244	4,809

Table 3
 Annual Probability of an Across-State Move
 Data from the American Community Survey, 2008-2012

age	Prob of Across-State Move			
	Unconditional	HS	Some Col	Col Grad
21-24	4.9%	3.6%	3.7%	11.3%
25-29	4.5%	3.1%	3.9%	7.1%
30-34	3.2%	2.3%	2.9%	4.7%
35-39	2.4%	1.9%	2.2%	3.1%
40-44	1.8%	1.5%	1.8%	2.2%
45-49	1.4%	1.3%	1.5%	1.6%
50-54	1.3%	1.2%	1.4%	1.6%
55-59	1.3%	1.1%	1.3%	1.5%
60-64	1.2%	1.1%	1.3%	1.5%
65-69	1.2%	1.0%	1.3%	1.4%
70+	1.0%	0.9%	1.0%	1.2%



DAN KNODL

STATE REPRESENTATIVE • 24TH ASSEMBLY DISTRICT

Thank you for allowing me to testify today. As Senator Stroebel accounted to, and we have heard mentioned so many times in this building, we have a “brain drain” problem. States and communities across the nation are fighting to retain the best and the brightest. This bill gives the best and brightest a reason to not only stay in Wisconsin for school, but perhaps even more importantly a reason for them to stay after graduation.

As Senator Stroebel stated, on average, 14,000 college graduates left the state every year from 2008-2012. While this scholarship is not going to be able to keep all 14,000 students here it can begin to move our state in the right direction by keeping some of the brightest and hardest working students in the state. The current scholarship aims to do this, but the award is often not enough to keep the student here for college, much less after graduation.

The key features of this program coincide with recommendations from the Governor’s Council on Workforce Investment. The subcommittee on Talent Development, Attraction and Retention recommended offering tax credits for attraction and retention of skilled graduates. This subcommittee consisted of business leaders from across the state along with legislators and the Associate Vice President for Economic Development from the UW system, David Brukart.

The problem is not that Wisconsin doesn’t have the jobs or industries to give these students quality and rewarding careers, but that the draw of a new place, a new adventure, can drive young graduates to look elsewhere. This bill aims to give the recipients of this scholarship an incentive to stay here. The data on the college graduates leaving the state shows that most of them are young and within the 5 year range that the tax credit would cover. This is because many graduates will have begun to settle down and build their lives here.

The taxpayers are currently investing in students with the hope that they will provide a return on investment upon graduation. Currently, we are not seeing the return on investment we would hope for, as many graduates leave the state. It is time that we offer a scholarship program that truly aims to “keep the best and brightest in the State of Wisconsin” not just for college, but for life.



DUEY STROEBEL

STATE SENATOR • 20TH DISTRICT

Public Testimony on Senate Bill 228

I want to thank you, Senator Harsdorf, for holding a public hearing on Senate Bill 228.

As you may know, Wisconsin has one strictly merit based scholarship program called the Academic Excellence Higher Education Scholarship Program. Under current law, this program provides qualifying recipients \$2,250 in tuition and fees for each academic year that the recipient is enrolled full time in a Wisconsin private or public college or university. These scholarships are awarded to in-state students who graduate at or near the top of their class (depending on the size of the school). The scholarships are offered to the students with the highest GPA and, if not accepted, pass down to the next eligible student until the scholarships allocated to that high school are exhausted.

According to HEAB, the agency that administers the program, the stated goal of the scholarship is to “keep the best and brightest in the State of Wisconsin.” By all measures, the scholarship is simply not achieving its intended purpose. For example, according to HEAB’s 2013 survey of scholarship recipients, less than half of the winners stated that the \$2,250 award actually influenced his/her decision to attend a Wisconsin school. Moreover, for the 2013-14 school year, 230 scholarships were declined and instead given to alternates. In other words, the scholarship is simply not persuading the highest performing kids to stay. As further evidence of this, the state has failed to retain more than ninety percent of high school National Merit Scholar semi-finalists in recent years.

This inability to keep the state’s best and brightest also extends beyond college. Between 2008 and 2012, on average the state lost roughly 14,000 college graduates per year, half of whom were between the ages of 21 and 24. This stat was uncovered in a study by former UW-Madison Professor Morris Davis, who in fact submitted written testimony arguing in favor of this bill.

In short, this “brain drain” stunts entrepreneurial efforts, shrinks the tax base, and ultimately hinders the state’s overall ability to innovate and grow economically. The last statistic is even more troubling given that there are thousands of jobs currently unfilled in the state because candidates lack the necessary education and/or skill set.

With these issues in mind, SB 228 seeks to entice the best and brightest high school students to remain here for college and ultimately, work here and lay down roots after graduation. Many of these students will be the next entrepreneurs, job creators, benefactors, and leaders who will



DUEY STROEBEL

STATE SENATOR • 20TH DISTRICT

shape the future of our great state. To accomplish this, SB 228 would reform the Academic Excellence Higher Education Scholarship Program in four key ways:

1. 50% of the student's tuition will be awarded each year as a traditional scholarship if the student attends a state school, or 50% of UW-Madison's tuition if the student attends a private school.
2. 50% of the student's tuition will be awarded as a tax credit the student may use to offset state income tax obligations for the 5 years after graduating. One-fifth of the eligible amount will be able to be claimed per year only if the graduate lives in Wisconsin and earns a majority of his/her wages in Wisconsin.
3. This will effectively raise the value of the award to equal the tuition and fees of the college or university attended, or to the tuition and fees of UW-Madison if the student attends a private college.
4. The bar for the scholarship is raised so that only students with a 3.50 GPA and a 30 ACT score are eligible. There have been discussions about adjusting the proposed 30 ACT score requirement, and I certainly would be open to doing so.

Not only would these changes encourage our best high school students to stay in Wisconsin, but it would also provide a financial incentive for these graduates to share and develop their talents in-state, benefiting everyone.

Kim Kaukl
Executive Director
1755 Oakwood Circle
Plain, WI 53577
Cell Phone: (608) 553-0689
kimkaukl@wirsas.org



To Committee on Universities and Technical College:

Please accept my written testimony in opposition of SB 228 dealing with the restructuring of the Wisconsin Academic Excellence Higher Education Scholarship Program.

I agree that the present funding level for the program is outdated and needs to be increased to be more in line with the present tuition rates. To my knowledge, the funding level for this program has not increased since the program's inception. If we truly believe this program is key to keeping our best and brightest in the state, then it is time to financially back the present program at a higher rate and not use the approach being proposed in SB 228, which will cut the number of scholarships offered in half.

SB 228 is essentially a funding shell game that will leave many hardworking and deserving students without an opportunity to receive a scholarship. Under SB 228, there will be drastic cuts at all school enrollment levels, but the small rural schools will be the biggest losers. Under SB 228, roughly 410 schools will be lumped into the 0-70 scholarship category. Of those 410 schools, approximately 165 of them are rural public schools that, under the present program, received one scholarship for their top student. Under SB 228, up to 340 deserving students could be left out of the mix. Many of these same students likely face financial need for a scholarship to access post secondary education. If we truly want to keep the best and the brightest in the state, then make sure every top student that meets the criteria receives this scholarship.

I am also concerned with the requirement of a 30 ACT score as a qualifier. Using 30 is an admirable score but somewhat unrealistic. Statistics show that about 4% of the test takers score 30 or higher. A more realistic and fair score would be in the 26-27 range. In many cases, the ACT is a one-time snapshot of a student's academic abilities. For many students, the cost of retaking the ACT to get to a 30 is economically prohibitive and may keep a quality student who scored in the 26-29 range from earning a scholarship; however, that same score would qualify them for entrance into the vast majority of major universities, including UW-Madison. The 30 ACT could also have a negative impact on rural students as many do not have the same access to ACT Prep courses as those in the urban and suburban areas. If this bill moves forward, I urge you to lower the ACT requirement to a more realistic 26-27 and make the program more accessible to all top students.

I believe more research needs to be done as to why students are presently turning down this scholarship and attending schools outside of Wisconsin. We might be surprised to find that the worth of the scholarship may have very little to do with their decision.

Thank you for your time,

Sincerely,

Kim Kaukl
Executive Director of the Wisconsin Rural Schools Alliance (WiRSA)