



# **JULIE LASSA**

## **STATE SENATOR**

### **Testimony on Senate Bill 416** **Senate Committee on Universities and Technical Colleges** **Wisconsin State Capitol, Room 300SE** **Thursday, January 28, 2016 at 9:31 a.m.**

Thank you Chair Harsdorf and committee members for the opportunity to testify today in support of Senate Bill 416, which will help us in Growing Rural Opportunities and Workforce in Wisconsin – or GROW Wisconsin.

Last fall, the Senate Economic Development Committee held a series of listening sessions. Local business leaders, economic development professionals, educators, and other civic leaders from all over the state expressed their concerns about the status of our state's educated and skilled workforce, but the situation in rural communities appears especially challenging. Rural villages, towns and cities have to compete with every other community in Wisconsin, as well as those out of state, for a shrinking supply of skilled workers. And with individuals in rural areas making about 60 cents on the dollar compared to those in urban areas, the leaders we spoke with said that competing with the cultural and economic resources big cities offer can be a real challenge.

However, the quality of life in Wisconsin's rural communities is also attractive, especially to many young university and technical college graduates. The scenic beauty of our lakes and forests, affordable housing, safe streets, good schools and strong sense of community create the kind of environment that many would like to call home. Unfortunately, if these communities can't attract the skilled workers they need to allow businesses to thrive and grow, their local economies will decline, along with the quality of life they can provide.

The GROW Wisconsin program will help address Wisconsin's rural workforce shortage, bolster job growth, and create a stable tax base by offering student loan relief to college grads who move to rural communities. Under this program, individuals who move into a GROW Community will have payments made on their student loans in equal shares over a maximum of 5 years. The total combined annual payments will be equal to 20% of the individual's outstanding student loan balance, up to a maximum of \$15,000 (\$1,500 annually from the state and \$1,500 annually from the county).

To qualify for Student Loan Reimbursement, an individual must:

- Establish residency in a GROW Community on or after passage of this bill and on or after the date on which the GROW Community opts to participate in the program;
- Have obtained a degree, or an embedded pathway certificate or technical diploma prior to establishing residency and applying for student loan assistance eligibility; and
- Have a current outstanding student loan balance.

Student loan payments will be paid on an annual basis. GROW Communities will provide 50% of the student loan payment with the State of Wisconsin providing the remaining 50% match. All student loan payments will be made directly to the appropriate lending institutions. The individual will continue to make regular payments as required by their agreement with their respective lending institution. In the event that an individual pays the entirety of their outstanding student loan balance prior to receiving payment through the GROW program, the payment will be made to the individual.

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GROW Communities will be designated along county lines. To be considered, a county must pass a resolution that authorizes its designation as a GROW Community and makes an irrevocable commitment to participate in the program for a period of five years. Such a resolution shall specify the maximum amount of outstanding student loan balance for each resident individual to be repaid.

As a GROW Community, a county may partner with municipalities to cover the funds necessary for the County's share of the annual payments. Counties may also partner with local employers to sponsor GROW Wisconsin applicants who are their employees and/or hiring candidates. (The employer can provide the full or partial funding for the GROW Community's share of the annual payment.)

GROW Wisconsin Communities shall be approved biennially by the Secretary of the Department of Workforce Development. The county must be a rural county, which is a non-metropolitan county according to the Office of Management and Budget (OMB). Included with my testimony is a map showing which Wisconsin counties are considered rural and metro under the bill. (Please note that the metro counties are the darker shade in the map.) As you can see, we tried to use a pretty broad definition of rural. We've only excluded those counties with one or more urban areas with a population of at least 50,000, and those counties where at least 25% of workers commute to the urban areas or at least 25% of the employment in the county consists of workers coming from the urban counties—the so-called "reverse" commuting pattern.

Please note that nothing in this bill precludes counties that do not meet state standard of "rural" from starting their own similar program to incentivize relocation to the county through student loan repayment. These programs would simply not receive the state's matching funds.

DWD rulemaking authority may be used to designate which counties are eligible to be designated as GROW Communities based on the following factors: Estimated and actual population size, growth, and decline; demand for individuals to fill market or industry openings; and input from the University of Wisconsin System, Wisconsin Technical College System and Wisconsin Workforce Development Boards. Providing such authority would help the state narrow or broaden the program based on budgetary constraints.

Our proposal is based on recommendations included in Wisconsin's Strategic Plan, drafted by the Governor's Council on Workforce Investment, which Representative Warren Petryk and I served on, as well as on Kansas' successful Rural Opportunity Zones program. Kansas' program has helped rural counties attract millennials who are starting families and who want to take positions within their home communities or start new businesses. The director from Kansas' program has shared that, since the program began in 2011, their state has received over 2,000 applications, mostly from young professionals with children. As a result, new home construction and rising public school enrollment are happening in areas of Kansas that have not seen growth in decades. A recent survey of Kansas program participants reveals that almost 59% of participating households have purchased or built homes, 17% of participants have purchased or started a business, and the average annual income per participating household is nearly \$62,000. Extremely interesting to me is that 87% of participants said that the program contributed to their decision to remain in rural Kansas.

As our state faces a growing shortage of educated and skilled workers, GROW Wisconsin would offer an attractive incentive to encourage people with university and tech college degrees to come to rural communities, allowing businesses to grow and strengthening the economies of our small towns, villages and cities. It would also provide a powerful tool to help rural communities build their economies and preserve their quality of life for generations to come. Because our proposal presents a unique way to help solve Wisconsin's worker

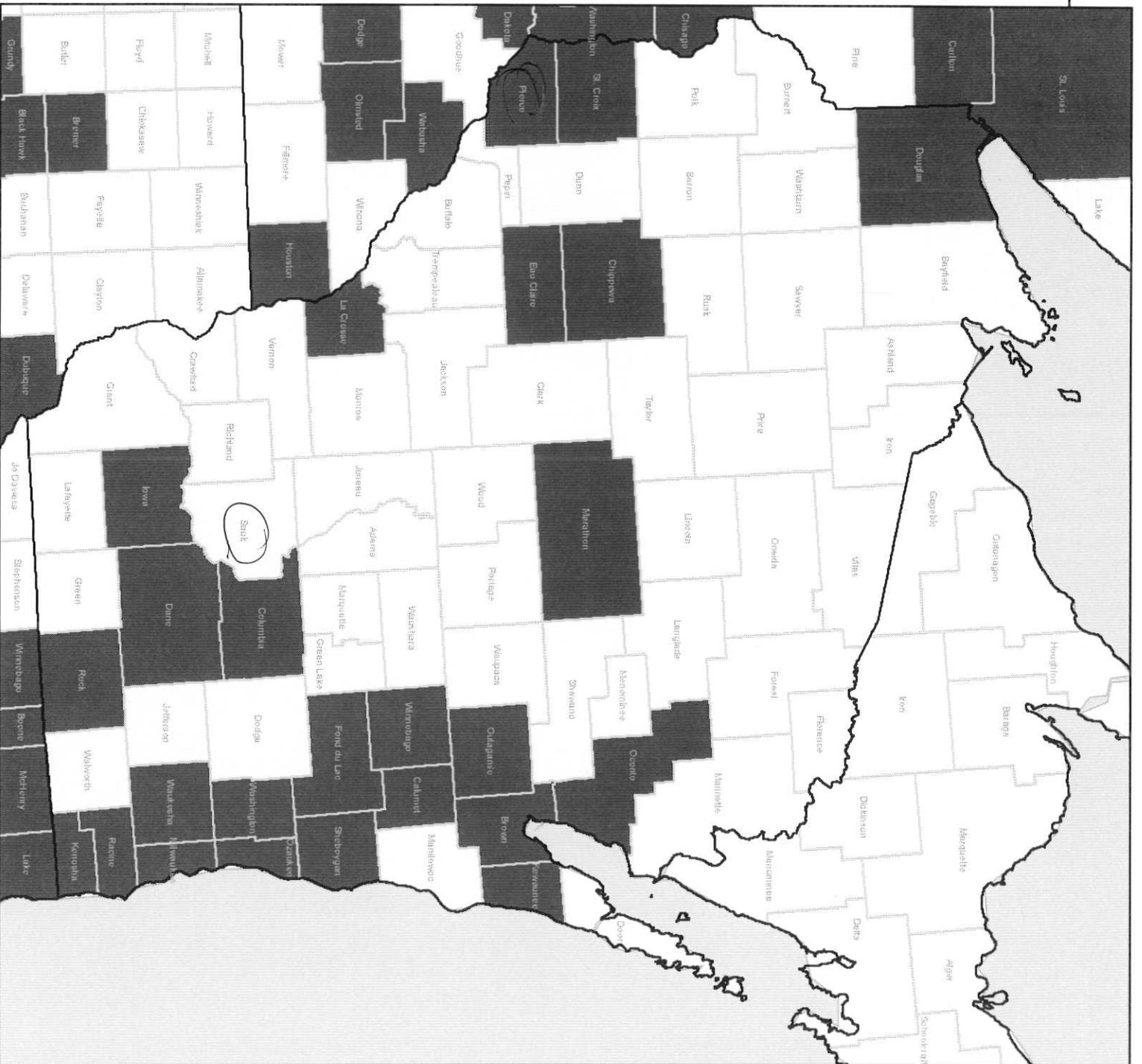
shortage in rural areas, GROW Wisconsin has attracted strong support from legislators on both sides of the aisle, as well as from the Wisconsin Counties Association and the League of Wisconsin Municipalities.

Again, I thank you for the opportunity to testify on this bill, and I am hopeful that the GROW Wisconsin proposal will be quickly adopted so that our state will have an additional tool to help college grads and build our rural economy.

# Wisconsin

## Rural definition based on Office of Management and Budget (OMB) metro counties

Rural: Nonmetro county  
Urban: OMB metro county



For more information on definitions, see documentation