WISCONSIN LEGISLATIVE COUNCIL
PROPOSED REPORT TO THE LEGISLATURE

SPECIAL COMMITTEE ON STRATEGIC JOB CREATION

February 11, 2011

PRL 2011-01

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Special Committee on Strategic Job Creation

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February 11, 2011

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PART I

NO RECOMMENDATION

The Special Committee on Strategic Job Creation has permanently adjourned. The Special Committee makes no recommendation.

The Special Committee held three meetings during which it focused on economic development, tax structure and access to capital, education and workforce development, alternative energy, and energy conservation. Because the January 2011 Special Session of the Legislature was convened to address job creation, the chairperson believes that most items under consideration by the committee were addressed in that Special Session and permanently adjourned the Special Committee. **Appendix 1** is a memorandum from Chairperson Pat Strachota to committee members, explaining her decision to adjourn the committee.

PART II
COMMITTEE ACTIVITY

Assignment

The Joint Legislative Council established the Special Committee on Strategic Job Creation and appointed the chairperson by a May 7, 2010 mail ballot. The committee was directed to study and make recommendations to promote strategic development of high-wage jobs and an educated and skilled workforce in the state by doing the following: (a) examining methods to promote green jobs and industries utilizing solar, wind, geothermal, and biomass technologies, including technologies for converting farm wastes to energy. In this examination, analyze current and potential incentives to encourage investment in research, development, commercialization, and use of these technologies and the development and retention of an educated and skilled workforce in these industries; (b) identifying industry and knowledge sectors with the greatest potential for job growth in the state and recommending steps to align the state's educational and workforce development programs, tax structure, and economic development initiatives to facilitate the growth of those sectors; and (c) analyzing the adequacy of the state's physical infrastructure, including access to high-speed Internet services, to support development of targeted industries and overall economic development of the state.

Membership of the Special Committee was appointed by June 30, 2010 and January 6, 2011 mail ballots. The final committee membership consisted of four Senators, three Representatives, and seven public members. A list of committee members is included as ***Appendix 3*** to this report.

Summary of Meetings

The Special Committee held three meetings on the following dates:

August 25, 2010
September 23, 2010 (Kenosha)
November 8, 2010

At the August 25, 2010 meeting, the Special Committee heard testimony from the following invited speakers:

- **Dennis Winters**, Director of Economic Advisors, Department of Workforce Development (DWD), explained that the workforce growth in Wisconsin will become flat and that the state must increase the productivity of its workforce. He described the changes in skills used at the workplace, noting that nonroutine interactive skills and nonroutine analytical skills will be necessary for the state's workforce. He emphasized the need for investment in education and training and for the talent supply to match the demands of industry.
- **JoAnna Richard**, Deputy Secretary, DWD, described the current system of unemployment benefits and provided a profile of those who are receiving benefits under the state's unemployment program. She explained that 40% of the state's workforce has attained a high school diploma or less for education. Further, she described how funding received from the federal American Recovery and Reinvestment Act has been spent in the state.
- **Zach Brandon**, Deputy Secretary, Department of Commerce (Commerce), explained that the objectives of Commerce include the retention and creation of jobs, capital financing, development of entrepreneurship and technology, training of employees, and targeting sectors. He further explained that the department uses bonding, refundable and

nonrefundable tax credits, and loans and grants, and described several of the department's programs.

- **Rebecca Martin**, Senior Vice President for Academic Affairs, University of Wisconsin (UW) System, explained that more than 60% of jobs in the state will require post-secondary education by 2018 and that the UW System is working to increase its number of graduates. She noted that the UW System's emphasis on growth will not diminish the quality of education provided by its institutions. In addition, she explained that the UW System is responding more quickly to workforce development needs in the state. Lastly, she described the importance of research and development in job creation.

- **Carlos Santiago**, Chancellor, UW-Milwaukee, explained that doctoral research universities have the ability to create jobs. He emphasized the doctoral research capability of UW-Milwaukee and explained the research strengths of UW-Milwaukee, which include advanced manufacturing; water, energy, and environment; health care; and biomedical engineering. Lastly, he described the role of the UW-Milwaukee Research Foundation in commercializing the research of UW-Milwaukee.

- **Dan Clancy**, President, Wisconsin Technical College System (WTCS), explained the role of WTCS in supporting job creation. He explained that WTCS reviews its programs to ensure that it meets the needs of emerging industries in the state. He also explained that WTCS surveys employers to find out if the employers are satisfied with the graduates of WTCS. Lastly, he advised the Special Committee that WTCS has a steering committee to address the needs of new energy industries.

- **Michael Potts**, President and Chief Operating Officer, Orion Energy Systems, Inc., described Orion Energy Systems and the lighting products manufactured by Orion Energy Systems. He explained the need to create and train a workforce to install the type of products that Orion Energy Systems creates and manufactures. He also noted the importance of educating customers about products that reduce energy costs.

At the September 23, 2010 meeting, the Special Committee heard invited testimony from the following invited speakers:

- **Bryan Albrecht**, President, Gateway Technical College, described the role that sustainability plays in Gateway Technical College's strategic plan. He gave suggestions for committee action, including broadening the Wisconsin Clean Energy Plan, providing additional funding for development of facilities that meet Leadership in Energy and Environmental Design (LEED) standards, making ecoliteracy a core ability for technical college students, targeting workforce advancement training grants to green industries, providing incentives to technical schools for using green technologies, and looking at teaching methods for children that give earlier exposure to green technologies.

- **Tom Niesen**, Instructor, Renewable Energy, Gateway Technical College, described the state of the geothermal energy industry in Wisconsin, including public sentiment, barriers to installation and use of the technology, Gateway Technical College's role in developing the industry in Wisconsin, and steps that could be taken to advance the industry.

- **Bob Braun**, Instructor, Automotive Technician, Gateway Technical College, explained that Wisconsin is not well-suited for large numbers of wind turbines, but is a potential home for manufacturing of wind equipment. He further commented on the applicability of Gateway Technical College's torque certification program to small-scale wind projects. Further, he described the Gateway Technical College automotive programs relating to green jobs, including study of clean diesel, alternative fuels, electric vehicles, and vehicles powered by compressed natural gas.

- **Michael Nuzzo**, Owner, Southport Heating and Cooling, described his company and the growing business it is doing in geothermal system installations. He stressed the importance

of tax incentives to making geothermal a financially viable option for heating and cooling, and contrasted the large rebates available for wind and solar technologies compared to the small incentives available for geothermal.

- **Michael Lanser**, President, Lakeshore Technical College, described WTCS's Green Jobs Steering Committee and discussed green jobs as a strategic area of focus for Lakeshore Technical College. He described the college's wind energy program, as well as other programs relating to emerging energy technologies.

At the November 8, 2010 meeting, the Special Committee heard testimony from **Joe Prazak**, Director of Business Development, Bock Water Heaters, Inc. He explained a proposal in which municipalities apply for funding from Commerce and the Public Service Commission to install renewable energy systems for low-income homeowners, who then repay one-half of the cost of the system through a low-interest loan. He then described the types of job creation available in the solar commerce chain by describing the roles of the manufacturer, wholesale distributor, plumbing and heating contractors, and certified technicians. Further, he stated that Bock Water Heaters, Inc., can fulfill the goals of the Special Committee through employee ownership; contributions to green jobs in manufacturing, distribution, contracting, and skilled trades; positioning the state as a player in geothermal and solar-thermal technology development and manufacturing; and biofuel products.

The committee discussed potential recommendations relating to economic development, tax structure and access to capital, education and workforce development, alternative energy, and energy conservation.

Appendix 1

State of Wisconsin
JOINT LEGISLATIVE COUNCIL

Co-Chairs
MARY LAZICH
Senator

JOAN BALLWEG
Representative

LEGISLATIVE COUNCIL STAFF
Terry C. Anderson
Director
Laura D. Rose
Deputy Director

TO: MEMBERS OF THE SPECIAL COMMITTEE ON STRATEGIC JOB CREATION

FROM: Representative Pat Strachota, Chair

RE: Special Committee Status

DATE: February 21, 2011

This memorandum is to follow-up on the status of the Special Committee on Strategic Job Creation. On January 6, 2011, the Joint Legislative Council approved a mail ballot that reappointed the chairs and vice-chairs of several of its study committees, including the Special Committee on Strategic Job Creation. I was appointed chair of the Special Committee, and Senator Robert Wirch was appointed vice-chair.

I have decided not to reconvene the committee for any additional meetings. In January, Governor Walker convened the Legislature in a Special Session to address job creation in the state, including the state's business climate, and several of the bills presented in the Special Session have been enacted. As the chair, I would have asked the committee to consider the same types of issues that have been addressed in the Special Session. Thus, the committee will make no recommendation to the Joint Legislative Council.

I want to thank committee members for their time and participation. The committee gathered valuable background information and identified many issues relating to the creation of jobs in this state. Consequently, the committee has performed a valuable service and laid important groundwork for future consideration of the issues.

Lastly, please find enclosed the minutes for the Special Committee's September 23 and November 8, 2010 meetings. Committee members are requested to send any corrections regarding these minutes to the Legislative Council staff. After the incorporation of any corrections, these minutes will be considered approved by the committee.

Thank you.

JKR:ksm

Enclosures

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Appendix 2

Joint Legislative Council

[Joint Legislative Council Members Who Selected and Appointed Committee and Its Membership]

Co-Chair
FRED A. RISSER
Senate President
100 Wisconsin Avenue, Unit 501
Madison, WI 53703

Co-Chair
MARLIN D. SCHNEIDER
Representative
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Wisconsin Rapids, WI 54494

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N6627 County Road E
River Falls, WI 54022

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Beloit, WI 53511

ALBERTA DARLING
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River Hills, WI 53217

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15854 93rd Avenue
Chippewa Falls, WI 54729

DALE SCHULTZ
515 North Central Avenue
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Schofield, WI 54476

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N4692 Maple Road
Juneau, WI 53039

REPRESENTATIVES

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170 W. Summit Street
Markesan, WI 53946

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Neenah, WI 54956

MICHAEL SHERIDAN
Speaker
1032 Nantucket Drive
Janesville, WI 53546

TERESE BERCEAU
4326 Somerset Lane
Madison, WI 53711

THOMAS NELSON
Majority Leader
1510 Orchard Drive
Kaukauna, WI 54130

TONY STASKUNAS
Speaker Pro Tempore
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Minority Leader
910 Sunset
Horicon, WI 53032

This 22-member committee consists of the majority and minority party leadership of both houses of the Legislature, the co-chairs and ranking minority members of the Joint Committee on Finance, and 5 Senators and 5 Representatives appointed as are members of standing committees.

Joint Legislative Council

[Current Joint Legislative Council Members Receiving Committee Report]

SENATE MEMBERS

MARY LAZICH, Co-Chair
4405 South 129th Street
New Berlin, WI 53151

TIM CULLEN
3711 N. Spring Hill Drive
Janesville, WI 53545

ALBERTA DARLING
1325 West Dean Road
River Hills, WI 53217

MICHAEL ELLIS
Senate President
1752 County Road GG
Neenah, WI 54956

JON ERPENBACH
6150 Briggs Road
Waunakee, WI 53597

SCOTT FITZGERALD
Majority Leader
N4692 Maple Road
Juneau, WI 53039

PAM GALLOWAY
1506 Pine View Lane
Wausau, WI 54403

JOE LEIBHAM
President Pro Tempore
3618 River Ridge Drive
Sheboygan, WI 53083

MARK MILLER
Minority Leader
4903 Roigan Terrace
Monona, WI 53716

DALE SCHULTZ
515 North Central Avenue
Richland Center, WI 53581

LENA TAYLOR
1518 West Capitol
Milwaukee, WI 53206

ASSEMBLY MEMBERS

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170 W. Summit Street
Markesan, WI 53946

PETER BARCA
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102 South 4th Avenue
Abbotsford, WI 54405

ROBIN VOS
960 Rock Ridge Road
Burlington, WI 53105

This 22-member committee consists of the majority and minority party leadership of both houses of the Legislature, the co-chairs and ranking minority members of the Joint Committee on Finance, and 5 Senators and 5 Representatives appointed as are members of standing committees.

Terry C. Anderson, Director, Legislative Council Staff
1 East Main Street, Suite 401, P.O. Box 2536, Madison, Wisconsin 53701-2536

Appendix 3

STRATEGIC JOB CREATION

Senator Robert Wirch, **Vice-Chair**
3007 Springbrook Road
Pleasant Prairie, WI 53158

Senator Tim Carpenter
2957 South 38th St.
Milwaukee, WI 53215

Senator Randy Hopper
W5192 Rienzi Road
Fond du Lac, WI 54935

Representative Keith Ripp
7131 Cty Rd. V
Lodi, WI 53555

Representative Pat Strachota, **Chair**
639 Ridge Road
West Bend, WI 53095

Senator Jim Holperin
3575 Monheim Road
Conover, WI 54516

Representative Louis Molepske, Jr.
1800 Main Street
Stevens Point, WI 54481

Frederick Brookhouse
Sr. Bus. & Ed. Partnership Mgr.
Snap-on Industrial
P.O. Box 1410
Kenosha, WI 53141-1410

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Executive Director
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Green Bay, WI 54303

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681 Letendre Avenue
Port Edwards, WI 54469

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Executive Director
WI Technical College District Boards Association
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Madison, WI 53703

Kim Kindschi
Executive Director
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UW-Extension
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Madison, WI 53706

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Heart of Wisconsin Business Alliance
P.O. Box 1562
Wisconsin Rapids, WI 54495

Todd Timmerman
Timmerman's Talents
5381 Beagle Lane
Platteville, WI 53818

STUDY ASSIGNMENT: The Special Committee is directed to study and make recommendations to promote strategic development of high-wage jobs and an educated and skilled workforce in the state by doing the following: (a) examining methods to promote green jobs and industries utilizing solar, wind, geothermal, and biomass technologies, including technologies for converting farm wastes to energy. In this examination, analyze current and potential incentives to encourage investment in research, development, commercialization, and use of these technologies and the development and retention of an educated and skilled workforce in these industries; (b) identifying industry and knowledge sectors with the greatest potential for job growth in the state and recommending steps to align the state's educational and workforce development programs, tax structure, and economic development initiatives to facilitate the growth of those sectors; and (c) analyzing the adequacy of the state's physical infrastructure, including access to high-speed Internet services, to support development of targeted industries and overall economic development of the state.

14 MEMBERS: 4 Senators; 3 Representatives; and 7 Public Members.

LEGISLATIVE COUNCIL STAFF: Jessica Karls-Ruplinger and Chadwick Brown, Staff Attorneys; and Kelly Mautz, Support Staff.

Appendix 4

Committee Materials List

(Copies of documents are available at www.legis.state.wi.us/lc)

January 12, 2011 (Cancelled)

- WLC: 0003/1, relating to energy conservation standards for the construction of certain buildings, energy and environmental design standards for state buildings, structures, and facilities, energy and environmental design standards for school district facilities and other local government buildings, leasing of state buildings, structures, and facilities, standards for the construction and use of graywater systems, and granting rule-making authority.
- WLC: 0026/1, relating to a division of small business in the department of commerce.
- WLC: 0027/1, relating to loans to small businesses to provide capital for green small businesses or to provide financing to obtain green equipment or technology.
- WLC: 0042/1, relating to financing of capital expenditures by technical colleges.
- WLC: 0077/1, relating to encouraging the purchase of food produced in this state and creating goals and a preference in state procurement for food produced in this state.
- WLC: 0079/1, relating to loans and grants to low-income households for solar hot water systems.
- Draft letter relating to recommendations of the Special Committee.

November 8, 2010

- Memo No. 1, *Potential Recommendations for Consideration by the Special Committee* (November 1, 2010).
- Handout distributed at the request of Public Member Todd Timmerman.
- Handout, *Western Kentucky School District Shows That Going Green Conserves Energy and Money*, distributed at the request of Public Member Todd Timmerman.
- Presentation by Joe Prazak, Director of Business Development, Bock Water Heaters, Inc. (November 8, 2010).

September 23, 2010

- Map to Gateway Technical College, Horizon Center, Kenosha, WI.
- List of restaurants near the Horizon Center.
- Presentation by Michael A. Lanser, President, Lakeshore Technical College, and Randy Zogbaum, Education Director, Wisconsin Technical College System (September 23, 2010).
- Presentation *Where is GeoExchange in Wisconsin, by* Tom Niesen, Instructor, Renewable Energy, Gateway Technical College (September 23, 2010).
- Presentation, *Certifications at Gateway*, by Bob Braun, Instructor, Automotive Technician, Gateway Technical College.

August 25, 2010

- Presentation, *Putting Wisconsin Back to Work*, presented by JoAnna Richard, Deputy Secretary, Wisconsin Department of Workforce Development (DWD) (August 24, 2010).
  - Handout, *Industry Partnership Grants by GROW Region (2009-2010)* (August 26, 2010).
  - Website links provided by DWD.
- Presentation, *Wisconsin Economic Development Programs*, presented by Zach Brandon, Deputy Secretary, Department of Commerce.
- Presentation, *Strategic Job Creation Efforts by the University of Wisconsin System*, presented by Rebecca Martin, Senior Vice President for Academic Affairs, University of Wisconsin System, and Carlos Santiago, Chancellor, UW-Milwaukee.
  - Handout, *A Growth Agenda for Wisconsin*, presented by Rebecca Martin, Senior Vice President for Academic Affairs, University of Wisconsin System.
  - Testimony of Rebecca Martin, Senior Vice President for Academic Affairs, UW System.
  - Testimony of Carlos Santiago, Chancellor, UW-Milwaukee.
- Presentation, *Special Committee on Strategic Job Creation*, presented by Dennis Winters, Office of Economic Advisors, DWD (August 25, 2010).
- Presentation, *Supporting Strategic Job Creation*, presented by Dan Clancy, President, Wisconsin Technical College System (August 23, 2010).
- Handout distributed by Michael Potts, President and Chief Operating Officer, Orion Energy Systems, Inc.