# Chamber of Commerce
## LA CROSSE AREA

# DC FLY IN 2015 May 6-7


**Representing Our Tri-State Economic Basin**


7 Rivers region
On the Upper Mississippi

601 Seventh Street N.
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# About the La Crosse Area Chamber

Formed in 1868, the La Crosse Area Chamber of Commerce continues to unite as one voice for approximately 800 businesses. Together, we call the economic basin surrounding La Crosse, Wisconsin home as our businesses, workforce, media and commerce flow back and forth throughout western Wisconsin, southeast Minnesota and northeast Iowa.

Enclosed are the issues that impact our regional economy and that bring us to Washington DC for our tenth visit. We hope you consider the enclosed information as you review bills before you, and we ask for your assistance in getting these issues resolved.

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# 105a15 Process (Revolving Loan Funds)

HUD's disaster relief loans to our region and many others across the country are provided to a county or municipality that makes the loan and then oversees its repayment. These repaid funds are then available to the county or municipality to reloan to businesses (i.e. "Revolving loan fund") at low interest rates.

On order to be reloaned, the company must meet job creation requirements, income level requirements of applicants, and a burdensome reporting process. This causes these funds to be under-utilized.

Western Wisconsin has approximately $13 million in funds available. Some regions have consolidated the loans and have removed the federal restrictions as a result of the process they use for repayment. HUD recently scrutinized WEDC for its oversight of these loans resulting in nearly complete efforts by Western Wisconsin to regionalize, and therefore put these funds to better use, to halt.

**RECOMMENDATION: HUD should issue a Community Planning & Development (CPD) notice quickly that is user-friendly and that the communities can look to as a resource guide. HUD needs to be consistent in how these funds are utilized.**

# Education:

## HEA Reauthorization, Data Collection

Data gathering regarding education started back in 1867. The information was solely for the purpose of policy makers to use when making decisions regarding the allocation of money for education. The information gathered remained largely unchanged until the original passage of the Higher Education Act in 1965, however it wasn't until the advent of alarmingly high default rates in the '80s that gathering data changed — for the first time data was tied to institutional eligibility and consumer information. Over the past 20+ years, data collection and the subsequent consumer disclosures have grown at an alarming rate. Presently there are 13 federally maintained websites that house information that is rarely used by policy makers and often not seen by students. A recent study at the University of Massachusetts - Boston showed that over a two-year period, only 750 students have accessed their Net Price Calculator. This is a school with an enrollment of over 16,000.

**RECOMMENDATION: 1) analyze the cost of collecting and 2) sanitize, standardize and centralize – Remove any data that is not useful to consumers and/or policy makers. Make the content consistent. Accreditation, state and Federal agencies often ask for different but similar information. Make the data easy to find.**

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# Gainful Employment:
## Strengthening Academic Freedom through Regulatory Relief Act., H.R. 970/S559

Many lower-income students have no choice but to rely on student loans to pursue a post-secondary education. They need the flexibility that career training programs offer. Of particular concern is "gainful employment" metrics that limits the debt-to-discretionary earnings ratio. This impacts careers with lower salaries such as cosmetology, day care, social work, communications, psychology, and visual and performing arts — barring them from federal aid.

These bills repeals some of the most controversial US Department of Education regulations that adversely impact institutions of higher education including prohibiting the defining or application of the term "gainful employment".

This bill is already co-sponsored by a growing list of your peers including bipartisan support of 24 Senators and Representatives. It is endorsed by more than 25 higher education organizations, the American Association of Cosmetology Schools (AACS) as well as the American Council on Education (ACE), American Association of Community Colleges (AACC), the Council on Graduate Schools (CGS), the Council on Higher Education Accreditation (CHEA), the National Association of Independent Colleges and Universities (NAICU) and the National Association of Student Financial Aid Administrators (NASFAA).

This bill is embraced in the Guiding Principles and specific concerns are contained in a recent report submitted to Congress by the Task Force on Federal Regulations in Higher Education, a task force of college and university presidents and chancellors, commissioned by a bi-partisan group of Senators including Alexander, Mikulski, Burr and Bennett, to study federal regulation of higher education broadly and identify potential improvements, including the repeal of these regulations.

**RECOMMENDATION: Support H.R. 970 / S559**

# Energy

## Carbon Emissions— EPA's Proposed The Clean Power Plan (CPP)

The EPA has proposed rules to limit carbon emissions for existing fossil fuel power plants to levels that essentially outlaw coal facilities, eliminating the use or our nation's most abundant domestic energy source. Modeling by the Public Service Commission of Wisconsin (PSCW) estimates Wisconsin's cost of compliance with the CPP to be $3.3 to $13.4 billion. This estimate adds to the $11 billion Wisconsin utilities have already invested since 2000 to improve reliability, upgrade infrastructure, add environmental controls, and reduce the state's carbon dioxide (CO2) emissions. The PSCW modeling does not account for necessary additional upgrades to gas and electric transmission infrastructure, which could be billions more.

If these rules are not adapted to the realities of the energy market, there could be a dramatic increase in energy rates in the Midwest to pay for questionable emission control technologies, the construction of new generation facilities, and require a vast expansion of gas distribution systems and transmission lines.

- We oppose EPA's current efforts to regulate carbon under the Clean Air Act, which could make many existing baseload power plants essentially inoperable.
- The CPP has many shortcomings but it is essential the EPA addresses the following issues prior to publishing the final rule.
- The CPP provides no credit for significant early action Wisconsin utilities already undertook to control emissions. As a state, Wisconsin should be well positioned to comply with a rule to limit CO2 emissions. The CPP's stated goal is to reduce overall CO2 emissions nationwide from 2005 levels by 30%. But since 2005, Wisconsin utilities have already reduced our CO2 emissions by over 15%. The new rule will require Wisconsin to now make an additional 34% reduction.
- The CPP's proposed interim emission reduction goal is unrealistic and could result in electric reliability issues and impact consumers' rates. The proposed emission reduction goals are front-loaded: states would have until 2030 to comply with final emission goals, but the CPP's interim target would require Wisconsin to be over 87% of the way toward its final 34% reduction goal by the early 2020's. The EPA must approve states' plans but are not required to do so until 2019, forcing large emission reductions in the course of less than a year—a dramatic "cliff" effect, possibly threatening the reliability of the electric system and dramatically increasing costs for consumers.
  - **RECOMMENDATION: As an alternative to the "cliff," we propose the EPA's final guidelines eliminate the interim targets and allow states to establish a glide path to the final 2030 goal. This change would allow for a measured implementation more likely to ensure electric reliability and gradual rate increases.**
- The CPP does not include a reliability assurance mechanism. Numerous base-load coal generating units are expected to retire in the next several years and the CPP poses additional changes significant to the operation of the interconnected power system.

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- **RECOMMENDATION: The Administration, Congress, federal regulatory agencies, and regional transmission operators must work together to develop an effective reliability assurance mechanism to ensure new rules do not cause systematic failures.**

- The CPP does not provide for a realistic multi-state approach. The CPP recognizes the potential of multi-state solutions but sets an unnecessarily high bar for states that might wish to participate in a multi-state approach. States complying on a multi-state basis would be required to agree on and submit a single plan to EPA. There is little reason to expect a state with a low emission goal to collaborate with any states with a high emission goal, since doing so would subject the state to a stringent goal. Further complicating this matter is the CPP establishes emissions goals based on the geographic location of renewable resources within each state, irrespective of ownership or use.
  - **RECOMMENDATION: The EPA should permit and promote a multi-state approach that allows states to prepare their own plans and to retain their individual goals, while providing for compliance on an aggregate basis through the use of market-based mechanisms, similar to the manner in which energy markets currently operate.**

## New Ozone Standard

EPA recently proposed a revision to the National Ambient Air Quality Standards for Ozone could be the most costly EPA regulation in U.S. history — an estimated $1.7 trillion hit to GDP. A recent study commissioned by the National Association of Manufacturers (NAM), notes that if EPA put in place the proposed 65 ppb standard, 40 Wisconsin counties would violate the standard and be designated in non-attainment. Such a designation results in significant barriers to economic development, including requirements for costly emission offsets and expensive pollution control equipment for new or expanded facilities.

According to the NAM study, with a 65 ppb standard Wisconsin will see the following economic impacts from 2017-to-2040:

- $30 billion in lost gross state product;
- $10 billion in total compliance costs;
- 4,421 lost jobs or job-equivalents per year;
- $580 drop in average household consumption per year;
- $1 billion more for residents to own/operate their vehicles.

# Health Care

## Driving Value-Based Care

Health providers and systems in the Coulee Region continue to support the movement away from a volume-driven delivery and payment system to one that rewards value-based care.

The current Medicare reimbursement system rewards volume over value, which is a system that doesn't recognize the quality of care and is unaligned with medical practice in Western Wisconsin.

A study by the Medicare Payment Advisory Commission (MedPAC) found the La Crosse, Wisconsin region to have the lowest utilization of Medicare services per beneficiary than any other region in the nation.

We are efficient users of public healthcare dollars.

We believe moving to a value-based system will result in significant future cost savings in healthcare programs.

**RECOMMENDATION: Continued support in promoting policies that reward value-based care and refrain from across-the-board spending reductions in Medicare and Medicaid.**

## Protecting Access to Medicare and CHIP Reauthorization Act

H.R. 2 was signed into law by President Obama on April 16 and repeals the flawed Medicare Sustainable Growth Rate and drives value-based care.

Thank you for your recent votes in favor of H.R. 2-Protecting Access to Medicare and CHIP Reauthorization Act, which prevented a 21% payment cut to Medicare providers.

- Senator Tammy Baldwin (D-WI)
- Senator Ron Johnson (R-WI)
- Congressman Ron Kind (D-WI)
- Congressman Reid Ribble (R-WI)
- Congressman Sean Duffy (R-WI)
- Congressman Mark Pocan (D-WI)
- Congressman Tim Walz (D-MN)

## International Classification of Disease, 10th Edition (ICD-10)

ICD-9 is over 30 years old and an outdated medical coding platform. ICD-10 is an improved coding and classification system used in providing medical care—it strengthens the type of data recorded, the specificity of diagnosis, and in categorizing inpatient procedures.

Costs have soared from congressional action delaying implementation—the most recent that occurred in March 2014.

Hospitals and health systems in Western Wisconsin are prepared for the improved system.

**RECOMMENDATION: Refrain from any further implementation delays and support the October 2015 scheduled transition date.**

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# Export-Import (Ex-Im) Bank Reauthorization

The Ex-Im Bank is a small federal agency that enables U.S. companies to sell their products in global markets.

90% of its loans go to small businesses.

The Bank even turns a profit for the American taxpayer. Since 1990, Ex-Im has returned a net $7 billion to the Treasury.

Defaults are rare and loans are backed by the borrower's collateral, meaning no taxpayer bailouts.

Ex-Im also helps level the playing field for American companies. Failure to reauthorize Ex-Im over the long term would amount to unilateral disarmament in the face of other nations' aggressive trade finance programs.

Companies that use the Ex-Im in our region include:

- Mathews Sales & Distributing (Sparta, WI)
- MacDonald & Owen Veneer & Lumber (Sparta, WI)
- Trane Company (La Crosse, WI)
- Chart Energy & Chemicals (La Crosse, WI)
- Inland Label (La Crosse, WI)
- Reinhart Foods (La Crosse, WI)
- Mid-City Steel (La Crosse, WI)
- S&S Cycle (Viola, WI)
- Lowe Manufacturing (Viola, WI)
- Whitehall Specialties (Whitehall, WI)
- La Crosse Milling (Cochrane, WI)

**RECOMMENDATION: Support S. 819 and pass long-term Ex-Im reauthorization as expeditiously as possible**

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# LIFO Accounting Method

LIFO, which stands for "last in, first out," is an inventory accounting method used by many companies across multiple industries in the U.S. since the 1930s to determine both book income and tax liability. Primarily, LIFO is used to manage the cost of inflation. If inventory costs are rising, LIFO is a more accurate way of measuring financial performance and calculating tax. LIFO takes into account greater costs of replacing inventory, thereby giving a more conservative measure of the financial condition of the business and the economic income to which tax should apply.

LIFO is NOT a tax loophole, as some have claimed – it is an accounting method. If the business utilizes inventory that can go up and down in price on a consistent basis, LIFO accounting helps balance out that dynamic to ensure the business is getting an accurate measure of performance. If inventory costs are rising, using the LIFO method may mean less tax liability in a given year than under the FIFO ("first in, first out") method. However, if inventory prices fall, the taxpayer would repay the LIFO benefit through greater tax liability.

Once a company elects to use the LIFO method, it requires IRS approval to change its accounting method. Taxpayers may not pick and choose between LIFO and FIFO at a moment's notice in order to get the best tax outcome. So, once a business decides to use the LIFO method, that business also assumes the ongoing risk of increased tax costs if fluctuating inventory costs go down.

**Situation**

The Administration and some in Congress have suggested repealing LIFO as a way of reducing the federal deficit and increasing revenue without increasing taxes. However, abolishing LIFO as an accounting method would discriminatory and retroactively increase taxes for hundreds of thousands of American businesses that have fluctuating inventory costs. The detrimental impact of LIFO repeal would reverberate across the economy as small businesses would be forced to take yet another blow from the government.

Repeal of LIFO would hurt American businesses. It would significantly hinder the competitiveness of U.S. businesses in the worldwide marketplace by placing a significantly increased tax liability on those companies that use LIFO.

**RECOMMENDATION: Take LIFO Repeal Off the Table: The LIFO Coalition Stands Together in Opposing New Proposal to Repeal Accounting Method**

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# Transportation and Infrastructure

The 7 Rivers Region is fortunate to have diverse and abundant modes of transportation to spur economic development. We have the interstate highway system, rail, Mississippi River shipping, and commercial air service directly to Minneapolis, Detroit, and Chicago. We also have high quality technological and energy infrastructure to drive growth.

Our transportation system is aging and crumbling. It's not slowing us down but it is reducing our productivity, undermining our ability to move products across the country and around the world, and increasing congestion and air pollution.

A transportation system can help grow a local economy or can drag it down. Businesses care about availability of infrastructure, quality of infrastructure, and utilization and future growth support.

The bi-partisan highway, transit and safety law, Moving Ahead for Progress in the 21st Century (MAP-21) ended years of short-term extensions that created a great deal of uncertainty for businesses and infrastructure owners and operators. MAP-21 is about to expire.

Infrastructure in the 21st century requires a partnership between all levels of government and the private sector, multiple modes of transportation, and flexibility for those closest to the problem to tailor solutions to particular needs. One size does not fit all in approaching transportation. Investments are needed in roads where appropriate, buses where appropriate, fixed rail where appropriate and technology where appropriate. Often the right answer will include all of these options.

**RECOMMENDATIONS:**

- **By May 21, Congress should pass a long-term, fully funded bill that builds on the reforms contained in MAP-21 (Moving Ahead for Progress in the 21st Century) and identify resources needed to maintain, and ideally increase, smart spending on the nation's transportation system.**
- **Flexibility and customizing to allow for roads, buses, rail, and technology where best appropriate.**

# Persons with Disabilities

Community Rehabilitation Programs (CRPs) were created by families of people with disabilities beginning in the 1960s to give their sons and daughters a place to go to receive vocational training and activity programming

The purpose of these programs was twofold:

1. To provide work and social skill development for people with significant disabilities (later defined as people with 50% productivity levels and below) and,
2. To enable these individuals to earn wages based on the skills they developed.

***We Oppose:***

- limiting employment and living opportunities for people with disabilities
- restrictions to work in skill development centers for individuals, who are not able to work in community-based jobs, but can work and be paid commensurate wages based on their productivity in center-based production positions

***We Support:***

- person-centered planning that allows people with disabilities choices among a wide variety of community or center service options that fit their broad range of needs and preferences
- additional opportunities for individuals with disabilities to be competitively employed in community-based jobs
- the 14(c) sub-minimum wage provision in the Fair Labor Standards Act that allows wage determination based on productivity of people with disabilities compared to prevailing labor rates

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