

THE WISCONSIN WAY

Blueprint for Change

Fall 2008



DRAFT:
For public discussion.





A Blueprint for Change

INTRODUCTION

Changing demographics, a weak economy and political gridlock have put Wisconsin's future at risk.

Every major demographic trend occurring in our state is likely to increase the demand for public services. Between 2000 and 2030, for example, the number of senior citizens (i.e., those 65 and older) in Wisconsin will nearly double from about 700,000 to nearly 1.4 million. The total population during that time will grow by about 18 percent — more than 1 million new residents — most of whom will be young and nearly all of whom will move into areas surrounding existing population centers needing more roads, sewers and schools.

And, while creating more demand for public services, these same demographic shifts will erode the ability of Wisconsin's existing tax system to pay for those services. Today, for example, seniors represent about one out of every six property taxpayers. By 2030, they will represent one out of every four property taxpayers and the capacity of that population to sustain any significant increase in property taxes will be severely limited by the fact that two-thirds of the seniors exist on household incomes of less than \$35,000 per year. Income tax revenue potential is similarly threatened. While Wisconsin will experience an 18 percent growth in population, the percentage of people in the work force will actually decline from 61 percent to 57 percent.

Even more troubling are two sobering facts. First, Wisconsin continues to experience a net loss of college degree earning workers, leaving our work force trailing the national average in terms of the number of people in our work force with a college degree. Second, of the 10 fastest growing jobs in Wisconsin, nine only require a high school degree or less. All of which makes clear that, unless we can take steps now to change these trends, future revenue streams from the existing income tax structure will be limited by a comparatively smaller work force earning comparatively less robust wages.

The Wisconsin Way is grappling with the challenge.

In the spring of 2007, after spending more than a year researching public attitudes and concerns about these issues and studying the trends driving them, representatives from several of Wisconsin's



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leading professional associations considered this devastating disconnect between public demand and tax capacity and concluded that they had an obligation not just to their individual members, but to all the citizens of Wisconsin to sound the alarm and start the struggle to build a better future for our state.

At that meeting, the Wisconsin Counties Association, the Wisconsin REALTORS® Association, the Wisconsin Education Association Council, the Wisconsin Transportation Builders Association, the Wisconsin Transportation Development Association, the League of Wisconsin Municipalities and Wood Communications Group pledged their time and resources to an effort, called the Wisconsin Way, to engage citizens in a meaningful public discussion about what sort of future they wanted for Wisconsin and how they thought we might best go about getting from here to there.

Since that pivotal meeting, the Wisconsin Way has held 28 public forums, made hundreds of presentations, met with Wisconsin media, briefed elected officials and continued its research into what ails Wisconsin and what might help us find that brighter future we all want. From Superior to Kenosha, from Milwaukee and Waukesha to La Crosse and Eau Claire, and from Madison and Janesville to Wausau, Appleton and Green Bay, thousands of Wisconsin citizens came out to share their concerns, thoughts, ideas and hopes about the current challenges and opportunities they see facing their state.

This Draft Blueprint for Change represents the Wisconsin Way's best efforts to organize and focus this on-going public conversation around the topics and ideas that emerged and were refined during the past 14 months of open forums and meetings.

The document is organized around the three major areas of public interest and concern, including economic development; tax reform and modernization; and governmental spending and management reform and modernization. In each area, the Wisconsin Way has identified specific strategic initiatives and, under each strategic initiative, listed a series of possible action options. In all, there are 15 strategic initiatives and 71 possible action options. Please note that all of the strategic initiatives and action options included in



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this document emerged during the Wisconsin Way's extensive public outreach efforts. They should be viewed as ideas that have been identified for discussion and further exploration and, at this point in time, have not been adopted as recommendations by the Wisconsin Way project.

As we continue our public dialogue, the Wisconsin Way will first concentrate on providing citizens with as much information as we can and stimulating public conversation about these critical strategic initiatives and possible action options. To that end, we will: a) convene a full day conference on each of the three "platforms" addressed in this document at which experts, policy makers, and business and civic leaders will examine and discuss the merits of the strategies and action options identified; b) host a series of expert presentations, discussions and debates on the strategies and action options; c) work with our advisory panel of experts to generate as much research and analysis of the strategies and action options as possible; d) energize the Wisconsin Way Web site (www.wisconsinway.org) with information, video and audio discussions of the strategic initiatives and action options; and e) work with the news media to assure widespread public awareness of the Draft Blueprint for Change, and encourage local discussion and exploration about how the strategic initiatives and action options might affect areas and communities.

In spring and summer of 2009, the Wisconsin Way will again convene a series of public forums around the state in order to develop the recommendations that will become the final Wisconsin Way Blueprint for Change.

Please join us on this exciting and vitally important journey by visiting our Web site to review the Draft Blueprint for Change, discussing the ideas and options with your friends and family, and sharing your thoughts and comments with us.



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ECONOMIC DEVELOPMENT

The people of Wisconsin do not believe we can save our state or build for the future by turning the lights out one at a time.

In August of this year — before the disastrous market gyrations of fall — four out of five Wisconsin adults said the state's economy was in trouble. Two-thirds of us also believe that our property taxes are too high and that one of the main reasons our taxes are high is that there is waste and inefficiency in government. Despite these facts, however, more than 80 percent of us believe that we should be spending not less, but more or the same amount of money on our public schools, our roads and highways, job training and creation, and other elements of our public infrastructure.

During the more than 50 hours of public discussion and in countless organizational and association meetings around the state, the Wisconsin Way heard citizens talk about the need for more jobs, for better jobs and perhaps most importantly for a stronger, more stable economy — an economy diverse enough to withstand the economic dislocations that have plagued our state over the past two decades. To that end, they talked about the need for a more comprehensive and robust statewide economic development policy. They understood the link between investment capital and job growth and talked about the need for a much more aggressive effort to identify, empower, and attract investors and their money. They also recognized the need for a 21st century work force and argued that Wisconsin needed to invest in, direct and energize worker education and training. And, they offered a variety of opinions about what would and would not attract and/or repel business expansion and start-ups in Wisconsin.

Four specific strategic initiatives and 24 action options emerged from these deliberations to further focus and channel the Wisconsin Way search for a final Blueprint for Change.



ECONOMIC DEVELOPMENT

Strategic Initiatives

1. Statewide Economic Development

Implementation of a comprehensive statewide economic development program driven by the existing "regional" and already functioning economic development efforts.

"One alternative that doesn't get enough discussion is growing the economy — providing quality jobs, opportunities, a greater base to support our school system. I hope the Wisconsin Way can communicate that the state needs to provide incentives for communities to take that move towards economic development."

Madison Forum, Dec. 6, 2007

2. Investment Capital

A significant increase in the amount of investment capital available for economic development purposes fueled by a new range of investment tools and opportunities for individuals, local governments, businesses, and the academic community including tuition inducements, greater flexibility for local government, subsidies of certain job initiatives, and mechanisms which focus on keeping a percentage of the revenues generated by economic development initiatives in the areas in which they are generated.

"It appears that we need to make investments in resources that will provide a significant return. Ultimately, we need to make sure our state's infrastructure is capable of providing what businesses need to thrive. We need to make sure our university system produces a solid supply of well-educated, well-trained prospective employees. We need to provide incentives for businesses that meet a stiff set of criteria to start up or relocate in Wisconsin."

Janesville Resident, Dec. 2007

3. Work Force

Enhancement of Wisconsin's work force based on efforts to increase the availability of Wisconsin college and associate degree graduates in Wisconsin; enhance the relationship between higher education and the K-12 system; and improve the synergies between Wisconsin's educational systems and its economic development needs and opportunities.

"I also think it's important for those in education, business and government to have more dialogue with each other so we can all do a better job in our fields and help those in a different field. For example, high school administrators can talk to those in the business community to find out what the business community is really interested in and what it needs from high school graduates so the curriculums can focus on the areas of concern."

Appleton Forum, Oct. 10, 2007

4. Economic Competitiveness

A comprehensive effort to enhance Wisconsin's economic competitiveness focused on the items proven to affect work force and business decisions about start-up, expansion and relocation including taxes, and infrastructure and quality of life issues.

"In northern Wisconsin in particular we are losing some of our best and brightest to urban areas, while trying to provide the services our increasing aging population demands. The way we look at work force development must change. Millions of dollars are given to businesses for work force development and then there's no accountability for the outcomes."

Superior Forum, Nov. 5, 2007





Strategic Initiative: Statewide Economic Development

Implementation of a comprehensive statewide economic development program driven by the existing “regional” and already functioning economic development efforts.

Action Options

- A.** A confederation of all the “regional” economic development entities in the state pledged to maximizing their own strengths, but also to helping other regions succeed and to seeking growth synergies with other regions.
- B.** A central public-private partnership capable of providing research and marketing expertise. Available only to those “regions” that join the confederation.
- C.** Development of regional economic development business plans that serve entire regions and address the state’s need to attract and keep more people with advanced degrees, and strengthen and diversify the economy. [Plans would be reviewed and certified by an independent public-private board of experts.]
- D.** Creation of an economic development investment fund (i.e., a fund that would invest money in expectation of a return on that investment) able to provide a two to one match of up to \$30 million annually for five years for funds raised by certified regional economic development entities (i.e., those belonging to the confederation with certified business plans). [Note: The expectation here is that the state would provide one-half of the match; the State of Wisconsin Investment Board would invest one-half of the match; and, that the “regional” economic development entity would raise the money to be matched from investors in the region.]



Strategic Initiatives: Increase Investment Capital

A significant increase in the amount of investment capital available for economic development purposes fueled by a new range of investment tools and opportunities for individuals, local governments, businesses, and the academic community including tuition inducements, greater flexibility for local government, subsidies of certain job initiatives, and mechanisms which focus on keeping a percentage of the revenues generated by economic development initiatives in the areas in which they are generated.

Action Options

- A.** Create a State of Wisconsin Capital Mutual Fund to which citizens could allocate a small percentage of the income taxes they owe via their income tax forms. The fund would provide venture capital to business ventures at favorable terms. Returns on the investments to citizen investors would be state tax exempt.
- B.** Offer inducements to increase investment in research and development.
- C.** Create specific tax incentives to spur investment in particular business sectors. Make conscious decisions about a select number of industries to grow in our state. Create tax incentives for businesses in those industries. Create four-year, two-year and technical college curriculum to train people in industry occupations.
- D.** Establish specific deductions for personal and business investments, contributions and expenditures that enhance Wisconsin's economic vitality and growth.
- E.** Establish a "human TIF" program that would supplement or replace higher education loans and grants with a program that provided specified levels of funding for specified rates and times of payback to the state tied to the recipient's future income levels.
- F.** Provide incentives to "regional" economic development entities and local units of government by allowing them to retain a percentage of the new tax revenues generated by their activities for a specified period of time.
- G.** Allow local units of government to levy specific use and/or consumption taxes for funding economic development initiatives approved by public referendums.
- H.** Increase local revenue generating options that are tied to local economic development investment.



Strategic Initiatives: Work Force

Enhancement of Wisconsin's work force based on efforts to increase the availability of Wisconsin college and associate degree graduates in Wisconsin; enhance the relationship between higher education and the K-12 system; and improve the synergies between Wisconsin's educational systems and its economic development needs and opportunities.

Action Options

- A.** Attract new workers by offering loan forgiveness and tuition credits for graduates who stay in state.
- B.** Establish incentives for Wisconsin businesses that participate in programs to keep recent Wisconsin college graduates in the state.
- C.** Reduce the traditional high school experience from four years to three years by extending the length of the academic year. Reduce the the cost of, and length of time required to obtain the traditional advanced degree by increasing the number of college and technical college accredited courses available in the senior year of high school. Enhance performance by investing in advanced education and assistance for educators, technology and classroom materials.
- D.** Keep the workers we have by improving and targeting work force training programs to focus on high-demand/high-income jobs and by making Wisconsin wages for target jobs and workers competitive with other states.
- E.** Create public service opportunities that could generate credits that could be used as tax or tuition credits.
- F.** Encourage educational systems to focus their curricula on skills and careers that are in high demand and pay well.
- G.** Significantly increase funding for pre-school and K-8 education.
- H.** Enact an education tax credit to encourage public and private market-driven investment in Wisconsin's K-12 public schools.



Strategic Initiatives: Economic Competitiveness

A comprehensive effort to enhance Wisconsin's economic competitiveness focused on the items proven to affect work force and business decisions about start-up, expansion and relocation including taxes, infrastructure and quality of life issues.

Action Options

- A.** Work with the public and private Schools of Business in Wisconsin, WHEDA and WEDA to identify what Wisconsin needs to do to improve its current competitive position vis a vis other states and countries.
- B.** Encourage development of growth companies in Wisconsin by encouraging development of entrepreneurs and recruiting and developing growth company managers.
- C.** Improve Wisconsin's regulatory climate by streamlining regulatory processes.
- D.** Reform Wisconsin's tax system to make it more oriented toward economic growth, more conducive to marketing the state to workers and businesses, and less reliant on taxes on earnings and savings.



A Blueprint for Change

TAX REFORM & MODERNIZATION

The taxpayers of Wisconsin may complain about their taxes, but history underscores the fact that we are a generous and usually patient group. The data indicates, for example, that while Wisconsin's income levels rank at about 95 percent of the national average, our tax effort comes in at about 115 percent of the national average. And, as indicated elsewhere in this document, most of us consistently report being willing to support current spending levels and even say we would support spending more in a number of areas.

In short, our problem with taxes isn't so much about what we spend tax revenues on or even how much we spend. It's about more basic issues like affordability, fairness and how efficiently government manages the tax dollars they collect from us. And, that's certainly what we heard from people around the state over the past 14 months. They told us that they think property taxes are not affordable for a lot of people, particularly our senior citizens. They expressed serious concerns about whether or not everyone was paying their fair share and whether all the property tax exemptions that have been granted make sense and how they put a burden of the remaining property taxpayers. A number of people raised questions about whether or not individuals and corporations were taking advantage of income tax loopholes. On the other hand, others talked about the need to make sure our taxes weren't adversely affecting efforts to keep and attract jobs. There were also a lot of discussions about the need to make sure Wisconsin's tax structure was modernized to reflect the growing importance of the knowledge and service sectors of our economy.

Six strategic initiatives and 30 action options emerged from these deliberations to further focus and channel the Wisconsin Way search for a final Blueprint for Change.



TAX REFORM & MODERNIZATION

Strategic Initiatives

1. Property Tax

Reduce — not eliminate, but reduce — Wisconsin's reliance on the property tax as a mechanism for paying for governmental services and education.

"Public education is an essential service for our economy. The funding formula must be sustainable and provide essentials for education. As public citizens, we all have an obligation and responsibility to provide public education to all children. Funding sources must be broad moving off the property tax."

Waukesha Forum, Nov. 8, 2007

2. Tax Collection

Enhance fairness and progressivity in the levying and collection of taxes.

"... I would like to see a user tax on the products that we use. If I can afford something, I buy it; if I can't I don't. Therefore, I either pay the tax when I can afford it or I don't pay tax if I can't ... We the people need to change how state government works. The change starts with me, and I'm up for it. I've been to Madison to talk to state legislators."

Green Bay Forum, Oct. 30, 2007

3. Business Development/Job Growth

Enhance the ability of Wisconsin's tax structure to stimulate business development and expansion and job growth.

"I would like to see Wisconsin target and attract high tech businesses by offering school and corporate partnerships ... Bring in high tech opportunities that will keep and utilize our young people. Offer these corporations a stake in the establishment of the curriculum. Allow our schools to more directly respond to employer needs so that we can promise the best work force they can have."

Madison Forum, Dec. 6, 2007

Continued

TAX REFORM & MODERNIZATION

Strategic Initiatives

Modernize Wisconsin's tax system so that we can reduce reliance on the property tax, enhance fairness and progressivity and stimulate economic development by:

4. Revenue – Value-Added

Increasing reliance on revenues that recognize the value-added impact of the service being provided.

"Sales tax revenue could be increased by imposing a higher tax on those items that are a part of the costs of consuming our renewable resources, most specifically tourism. Entertainment, resort rental, dining out and lodging are a few examples. Those purchases that should be considered include those most frequently associated with out-of-state visitors. It would seem reasonable for the State Departments of Revenue, Commerce and Tourism to generate an appropriate list of such purchases."

Holmen Resident, Oct. 2007

5. Revenue – Sales and Consumption Tax

Increasing reliance on income sensitive revenue sources like sales and consumption taxes.

"Our sales tax is too low, we need to pull our property tax bills apart and put some of the burden on other tax generating areas ... We're missing an opportunity by not looking at how other states have accomplished funding their programs through other means."

Waukesha Resident, Nov. 2007

6. Revenue – Use and Cost of Service

Increasing reliance on taxes that recognize the relationship between use and cost of services.



Strategic Initiative: Property Tax

Reduce — not eliminate, but reduce — Wisconsin's reliance on the property tax as a mechanism for paying for governmental services and education.

Action Options

- A.** Restrict the use of property taxes to services that are more clearly related to property and to the functions of local government.
- B.** Improve the relevancy and efficiency of management and delivery of local governmental services. (See Governmental Management)
- C.** Expand the number of revenue options available to local government to: a) stimulate economic development; b) offset infrastructure maintenance costs; and c) cover emergency expenses.
- D.** Allow local governments to set budgets for two- or three-year periods instead of the current annual budget to allow local governments to take advantage of longer term purchasing discounts and other management options.
- E.** Reduce the amount of K-12 education funding supported by property taxes.
- F.** Increase the amount of revenues generated by a general sales tax.
- G.** Separate school infrastructure from education.
- H.** Have the state contract with counties for services instead of providing shared revenues.
- I.** Tie local governmental adoption of new revenue sources to limitations on property taxes.



Strategic Initiative: Tax Collection

Enhance fairness and progressivity in the levying and collection of taxes.

Action Options

- A. Establishment of greater standardization in the assessment of property values.
- B. Replace the practice of granting 100 percent property tax exemptions in perpetuity based exclusively on the nature of ownership with a process for granting total or partial exemptions for specific periods of time based on use and ownership.
- C. Establish a process for regularly reviewing all tax exemptions in order to ensure that the exemptions are fair and continue to be warranted.
- D. Establish a reasonable relationship between state and local economic realities, taxpayer ability to pay, and state and local governmental spending.



Strategic Initiative: Business Development/Job Growth

Enhance the ability of Wisconsin's tax structure to stimulate business development and expansion and job growth.

Action Options

- A.** Establish procedures for ensuring that tax changes do not jeopardize Wisconsin's ability to sustain and grow its economy.
- B.** Establish incentives for Wisconsin businesses that participate in programs to keep recent Wisconsin college graduates in the state.
- C.** Offer inducements to increase investment in research and development.
- D.** Establish specific deductions for personal and business investments, contributions and expenditures that enhance Wisconsin's economic vitality and growth.
- E.** Create specific tax incentives to spur investment in particular business sectors.
- F.** Create funding incentives for the UW System and the WTCS to educate people in high-demand careers.
- G.** Eliminate Wisconsin's corporate income tax.
- H.** Create a number of Regional Authorities with the power to levy limited corporate taxes tied to profitability and the authority to utilize the revenues raised to stimulate economic growth and support and sustain services required to sustain such growth.
- I.** Establish a lower income tax rate for earners in high-need/high-demand jobs and growth industries.



Strategic Initiative: Revenue – Value-Added

Modernize Wisconsin's tax system so that we can reduce reliance on the property tax, enhance fairness and progressivity and stimulate economic development by increasing reliance on revenues that recognize the value-added impact of the service being provided.

Action Options

- A.** Establish tuition options at both the UW System and the WTCS that allow students to reduce tuition costs in exchange for a specified income tax surcharge levied at different points in their earning careers.
- B.** Establish tuition and loan options at both the UW System and the WTCS that allow students to reduce tuition costs in exchange for agreeing to work in Wisconsin for three to five years after graduation.
- C.** Give students, who do not require remedial training and who in turn graduate from the UW System or the WTCS within a specified period of time, a specific percentage rebate on their tuition costs as a tax credit.



Strategic Initiative: Revenue – Sales and Consumption Tax

Modernize Wisconsin's tax system so that we can reduce reliance on the property tax, enhance fairness and progressivity and stimulate economic development by increasing reliance on income sensitive revenue sources like sales and consumption taxes.

Action Options

- A.** Increase the amount of revenues generated by a general sales tax. Specifically, look at four possibilities including: 1) an increase in the existing sales tax; 2) an expansion of the existing sales tax to a broader range of goods and services; 3) an expansion of a lower rate sales tax to some goods and services not currently covered by the existing sales tax; and 4) provide all citizens a tax credit on income in order to convert the sales tax to a consumption tax.
- B.** Establish a process for regularly reviewing all tax exemptions in order to ensure that the exemptions are fair and continue to be warranted.
- C.** Allow local units of government to use time-certain sales and/or consumption taxes to meet one-time expenditures.



Strategic Initiative: Revenue – Use and Cost of Service

Modernize Wisconsin's tax system so that we can reduce reliance on the property tax, enhance fairness and progressivity and stimulate economic development by increasing reliance on taxes that recognize the relationship between use and cost of services.

Action Options

- A. Establish user fees for more public services, but provide income-based exemptions.
- B. Utilize new technologies that allow for more precise measurement of use.





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SPENDING REFORM AND MODERNIZATION OF MANAGEMENT AND DELIVERY OF GOVERNMENTAL SERVICES

Wisconsinites like their local services and are strongly committed to preserving their local units of government. But, we think our governments could manage our money more efficiently and deliver our services more cost-effectively. Most of us would admit, however, that we do not really have a firm grasp on exactly who does what at the local level and that we are not very familiar with what government may or may not have done in recent years regarding technology adaptations and management changes.

In short, people around Wisconsin want their governments to be better and, if not cheaper, certainly more efficient and cost effective. They believe that consolidation of some services is possible and could produce significant savings. They believe that not all the services government offers are necessary and that, at a minimum, service levels and delivery mechanisms should be reviewed on a regular basis to align them with contemporary rather than historic needs. And, they wonder if we could do a better job of identifying best practices for the management of government and its services, and holding governments accountable for meeting those standards.

Five strategic initiatives and 17 action options emerged from these deliberations to further focus and channel the Wisconsin Way search for a final Blueprint for Change.



SPENDING REFORM AND MODERNIZATION OF MANAGEMENT AND DELIVERY OF GOVERNMENTAL SERVICES

Strategic Initiatives

1. Best Practices

Establish a clear set of best practices for the management and delivery of governmental services and hold all Wisconsin governmental units accountable for operating on the basis of those practices.

"I would suggest taking a careful look at the management and staffing of state government itself...in our efforts to reduce budgets, there have been indiscriminate cuts that have actually been pennywise and palm foolish, because there are inadequate staffs in many cases to oversee the programs and make sure the money that the state is spending is being well spent. I would also look at pay structures, recruiting practices, and civil service rules to make sure you have really strong managers in government, so that state dollars are being spent as effectively as possible."

Madison Forum, Dec. 6, 2007

2. Government Costs

Reduce the current cost of government without reducing the quality of necessary services being provided.

"Consolidate public services — not to limit services offered but to avoid overlap, to avoid over-staffing and to provide a synergistic environment in which the current organizations can make services offered even better."

Wausau Forum, Oct. 15, 2007

3. Public/Government Communication

Increase local and state governmental sensitivity to public needs, wants and financial abilities.

"Engage the public in a discussion of what services they want. As the balance to that discussion there needs to be a dialogue regarding how to generate revenue in a fair manner to pay for the desired services."

Green Bay Forum, Oct. 30, 2007

4. Government Management Resources

Enhance the resources available to and the skills of those managing and delivering governmental services.

"One of the things we need to figure out in Wisconsin is that balancing act between those of us trying to provide for ourselves and raise every dollar that we need to fund whatever it is we're doing. There's give and take. But there's also that other side ... There is a definite need to bring back into play the elected body that is to serve the people's needs to step up to the plate and be more accountable to those dollars that they have the capability of diverting one way or another and not allow a staff agent at any level from pushing so hard to get those dollars ... If I'm expected to give certain things in my life, I expect those people that have a certain quality of life serving in a governmental position."

Rhineland Forum, Jan. 15, 2008

5. Expenses and Challenges

Improve the alignment between the things we spend money on and the challenges we must address.

"We need to subsidize our higher education to a greater extent. Many states offer free tuition to residents for state school if they maintain a certain GPA. In addition we need to retain our college as well as high school graduates in the state. Maybe we could offer college tuition in exchange for graduates working for two year in Wisconsin following college."

La Crosse Forum, Oct. 10, 2007





Strategic Initiative: Best Practices

Establish a clear set of best practices for the management and delivery of governmental services and hold all Wisconsin governmental units accountable for operating on the basis of those practices.

Action Options

- A. Work to identify and adopt proven public management best practices at every level of local government.
- B. Publicly recognize those units of government that achieve and maintain best practices standards of excellence.
- C. Require the state to use and budget on the basis of Generally Accepted Accounting Principles.



Strategic Initiative: Government Costs

Reduce the current cost of government without reducing the quality of necessary services being provided.

Action Options

- A. Consolidate the management and delivery of those local services which can be consolidated without adversely affecting quality (e.g., Georgia example).
- B. Create opportunities for high school, technical college and college graduates to further their careers in Wisconsin while working to meet Wisconsin's major infrastructure needs.
- C. Consolidate governmental purchases of goods and services.



Strategic Initiative: Public/Government Communication

Increase local and state governmental sensitivity to public needs, wants and financial abilities.

Action Options

- A.** Enhance public awareness and understanding of, and access to, government in Wisconsin.
- B.** Develop and implement a robust “customer satisfaction” evaluation system designed to measure on a regular basis citizen/taxpayer satisfaction with: a) quality and efficacy of services; b) need for services; and c) cost of services.
- C.** Ensure a reasonable relationship between state and local economic realities, taxpayer ability to pay, and state and local governmental spending on necessary services.
- D.** Require the teaching of civics in the public school system.
- E.** Require the state to use and budget on the basis of Generally Accepted Accounting Principles.
- F.** Establish a governmental transparency Web site where any citizen can access governmental information.



Strategic Initiative: Government Management Resources

Enhance the resources available to and the skills of those managing and delivering governmental services.

Action Options

- A. Establish a fund to expand/enhance local governmental access to expertise, assistance and training in: a) public management; b) public finance; and c) public service issue management.
- B. Assess how best to address the major challenges facing local government.



Strategic Initiative: Expenses and Challenges

Improve the alignment between the things we spend money on and the challenges we must address.

Action Options

- A. Require that a percentage of revenues collected be set aside in a reserve fund to be used for emergencies.
- B. Cap and reduce the amount of money Wisconsin spends on General Fund debt service.
- C. Create opportunities for high school, technical college, and college graduates to further their careers in Wisconsin while working to meet Wisconsin's major infrastructure needs.



Wisconsin's Immediate Challenges

Those who started the Wisconsin Way wanted to work with the people of Wisconsin to develop a Blueprint for Change that would address Wisconsin's fundamental tax, economic and governmental operations challenges. We have recognized from the beginning that the Blueprint would take time to develop, translate into meaningful change, and ultimately produce the stronger economy, fairer taxes and more efficient government Wisconsin must have to succeed in the 21st century. What that means, of course, is that there will be a period of time — we have used five to seven years as a rough estimate — during which Wisconsin will have to meet its immediate challenges relying primarily on its existing financial and operating resources and systems.

That was a discouraging and somewhat daunting conclusion when we began the Wisconsin Way more than a year and a half ago. Today, with the national and global economies in a tail spin and Wisconsin's highest officials predicting a \$5.4 billion deficit as they begin their deliberations for the 2009-11 budget, it means state and local governments are on the verge of a historic fiscal challenge. The choices they make as they address this challenge will touch every man, woman and child in our state not just today, but for decades to come.

More than two years of Wisconsin Way polling and 28 public forums suggest that the people of Wisconsin have already identified our most urgent fiscal needs and challenges. In the short run, they believe that Wisconsin needs to:

- protect, improve and grow our work force;
- eliminate a state budget deficit that is crippling our ability to deliver essential governmental services;
- help the citizens and leaders of Milwaukee address the myriad problems they face;
- find some relief from health care costs that are putting financial pressure on citizens, businesses, governments and taxpayers;
- protect and improve Wisconsin's educational system;
- address those infrastructure needs that will pose a threat to public health and safety and/or the state's economic capacity unless dealt with; and
- develop responses to these challenges that are sensitive to the fact that citizens and businesses are also grappling with difficult economic realities that affect their ability and/or willingness to absorb additional costs.

There are certainly other pressing issues and challenges, but the Wisconsin Way sees those listed above as the most critical because we, and so many of our citizens, believe decisions made in these areas are the most likely to influence Wisconsin's ability to build a better future.



Wisconsin's Immediate Challenges

These issues are complex and far reaching. Addressing them effectively will require a substantial financial investment, and, in many cases, a thoughtful redesign of how services are managed and delivered. Any reasonable analysis of what generated these inter-related challenges reinforces the conclusion voiced by thousands of Wisconsin citizens in the Wisconsin Way public forums that Wisconsin must reform and modernize both its tax structure and the way in which it manages and delivers necessary public services.

Unfortunately, these issues and challenges demand attention now. And so, the larger question on the table at the end of 2008 is whether or not Wisconsin's leaders can address these immediate problems in a fashion which will enhance rather than jeopardize Wisconsin's ability to build a stronger, brighter future.

The Wisconsin Way was created to give voice to the people's hopes and aspirations for Wisconsin's future. Their long-term vision remains our primary goal, but we believe that to protect that vision, this more immediate question must be answered in the affirmative.

To that end, and with great respect for those who have responsibility for making the tough decisions now, we offer the following suggestions:

1. Accept the seven issues listed above as the top priorities for the 2009-11 budget session.
2. Recognize that it is not just about money. None of these issues can be resolved if they are viewed simply as budget questions.
3. Do not try to solve these challenges by yourself. Wisconsin is blessed with gifted and knowledgeable academics, business and civic managers, thinkers and doers in both the public and private sectors. This is a statewide crisis. Use your power to harness the best and the brightest into teams that would focus on each of these issues. Staff them, house them, inspire them, drive them and tell them to report back within 30 to 60 days with specific suggestions and recommendations.

For its part, the Wisconsin Way will heed the same advice we have offered to our elected officials. As we move toward finalizing the Draft Blueprint for Change, we will simultaneously focus on how best to address Wisconsin's most pressing challenges during the transitional period that separates us from the enactment of meaningful reform and modernization and the stronger future we believe will follow. In doing so, we will reach out to the best and the brightest in both the public and the private sectors in search of ideas and answers that will work at a price we can afford.

