

# WI

WISCONSIN INTEREST

JULY 2009

The high cost  
of MATC's sweet  
labor contracts  
AN INVESTIGATIVE REPORT  
BY MIKE NICHOLS

Bob Ziegelbauer:  
lonely reformer  
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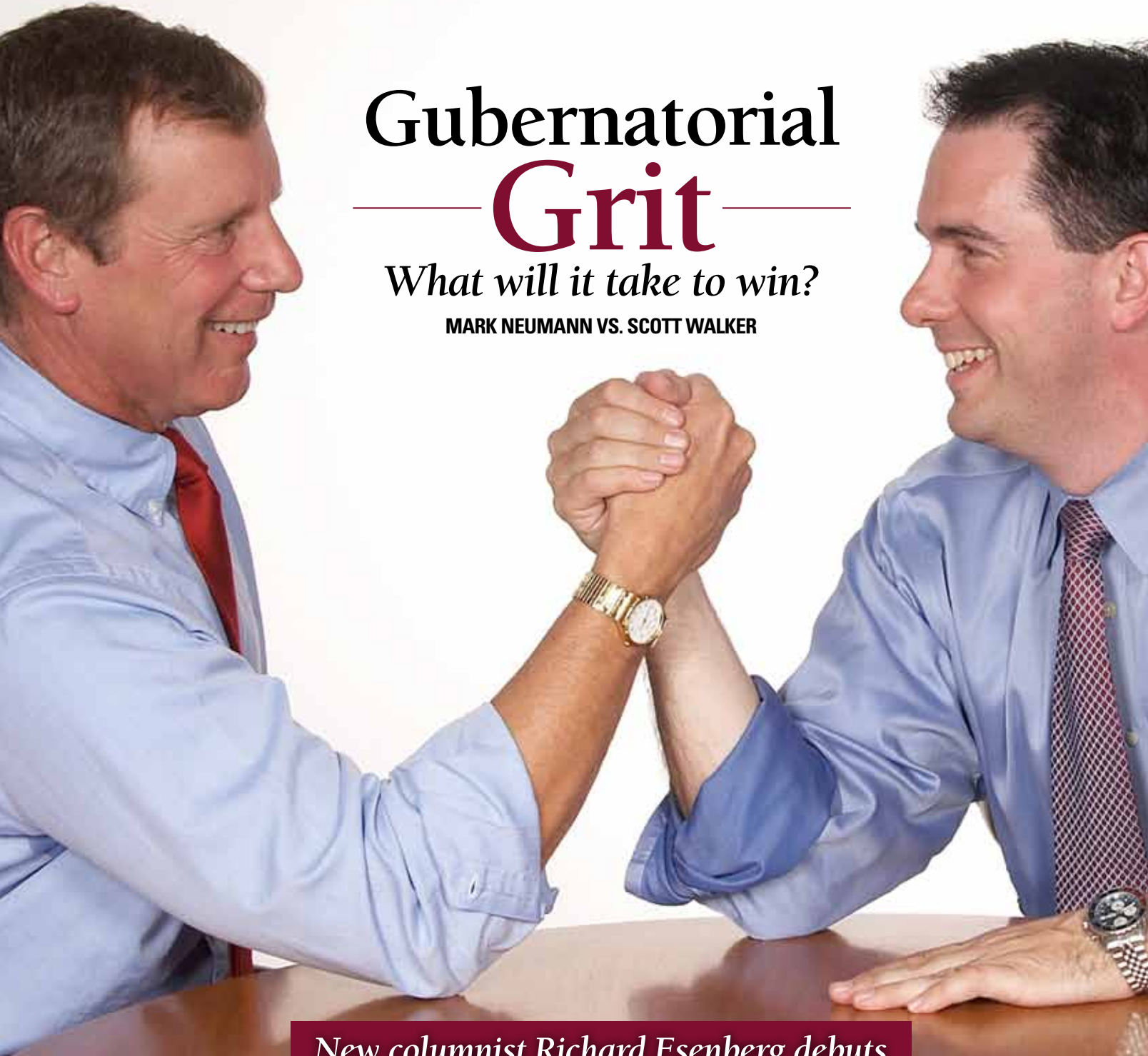
Wisconsin's  
long, painful  
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BY THOMAS HEFTY AND  
JOHN TORINUS JR.

## Gubernatorial Grit

*What will it take to win?*

MARK NEUMANN VS. SCOTT WALKER



*New columnist Richard Esenberg debuts*

The Wisconsin Policy Research Institute, Inc., established in 1987, is a nonpartisan, not-for-profit institute working to engage and energize Wisconsinites and others in discussions and timely action on key public policy issues critical to the state's future, its growth and prosperity. The institute's research and public education activities are directed to identify and promote public policies in Wisconsin that are fair, accountable and cost effective.

Through original research and analysis and through public opinion polling, the institute's work will focus on such issue arenas as state and local government tax policy and spending and related program accountability, consequences and effectiveness. It will also focus on health care policy and service delivery; education; transportation and economic development; welfare and social services; and other issues currently or likely to significantly impact the quality of life and future of the state.

The institute is guided by a belief that competitive free markets, limited government, private initiative, and personal responsibility are essential to our democratic way of life.

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## Big ideas... and the epic disconnect

The job-killing tax and fee increases in the new state budget were bad enough. But even worse was the epic disconnect between what was happening in Madison and the economy in the rest of the state.

The \$3 billion tax hike will hit an economy that has already shed more than 133,000 jobs (almost all of them in the private sector) in the last year. The state's job loss was the biggest in more than a half a century, but Gov. Doyle prepared to sign a budget that raised taxes on virtually every aspect of the state's economy, especially business.

This head-banging disconnect between our political culture and our economy is especially striking in light of the analysis in this issue of *Wisconsin Interest* by veteran business executive Thomas Hefty and journalist and entrepreneur John Torinus Jr.: "Wisconsin Flunks Its Economics Test."

Even before the current budget, they report, Wisconsin had been falling behind the rest of the country, to the point where Wisconsin now risks becoming "the Alabama of the North." Despite the administration's attempts to obscure the extent of job loss by using "rosy or smoky" counting methodology, they note that during the Doyle years Wisconsin has "managed to slide to below-average wages and below-average job growth...the worst of both worlds."

Their study comes too late to affect the passage of the current budget, but the data they assemble could set the terms of the debate over Wisconsin's direction, especially going into the 2010 elections.

Also in this issue, an investigative report by Mike Nichols paints a provocative portrait of the unelected and unresponsive board that runs the Milwaukee Area Technical College. Nichols details the tech school's super-sized staff salaries and benefits and the insider nature of the school's dysfunctional governance system.

In our "Frontline" report, Sunny Schubert talks

with the idiosyncratic Bob Ziegelbauer, a legislator from Manitowoc who "finds himself shunned by fellow Democrats and treated like a freak of nature by Republicans." Schubert notes that this is a shame because the conservative Ziegelbauer, who is also Manitowoc county executive, is "one of the smartest and most innovative public servants in the state."

This issue also debuts a new column on the politics of culture by Marquette Law Professor Rick Esenberg; along with a guest column by *The Weekly Standard's* Stephen Hayes, who assesses the political prospects of wunderkind Paul Ryan.

Finally, our cover story features the first joint interview of the two men most likely to challenge Gov. Doyle for re-election next year (assuming that he seeks re-election). Milwaukee County Executive Scott Walker and former Congressman Mark Neumann sat down with former *Isthmus* editor Marc Eisen and me at the WPRI offices in Hartland in late May to discuss the state of the state and conservative politics.

Near the end of our interview, I asked them: "What does an organization like WPRI bring to the conservative movement in Wisconsin?"

NEUMANN: A lot. For anything to become a reality, you first need a vision. Which you all are doing by bringing ideas forth for people to talk about. Those visions have to be verbalized first and gotten into people's minds to the point where you can start enacting them.

WALKER: What happens here [at WPRI] is the combination of the big vision, the big idea, but also putting the meat on the bone, to give specifics to not just elected officials but to advocates and others in the community. That plays an incredibly important role.

That, at least, was something we could all agree on.

## Wanted: fresh thinking

I was pleased with the new format for *Wisconsin Interest* (March 2009). It was a good read from cover to cover. The layout was bold, the content edgy and the writing top-notch. This magazine is just what Wisconsin conservatives have been looking for.

The Wisconsin Policy Research Institute has earned a fine reputation built on credible, solid research. Adding *WI* magazine as a sister publication to Wisconsin Reports will allow WPRI to reach a much broader audience. Who knows, you might even expose some of our more curious liberal friends to some provocative conservative thinking.

I would encourage you to include a wide array of conservative ideas in every issue. Quite frankly, a lot of us are growing tired of reading the same thinking about the same issues over and over. We like new thinking, and we like a fresh take on old ideas. We want to be challenged, and we want to be entertained. Your first issue hit the bulls-eye on every one of these targets.

**Ave Bie**  
Madison

## A butchered legacy

Charles J. Sykes mangles his sources so badly it's hard to take him seriously ("What's the Matter With Wisconsin," March 2009).

His argument is something like: (1) Wisconsin has too few rich people; (2) Rich people are terribly greedy and won't pay taxes; (3) So, the rest of us should suck it up and pay the taxman so the rich don't have to.

Maybe I have a higher opinion of rich people than Sykes does, but I'm not impressed. I'm also offended by his abuse of the dead and the data.

Sykes butchers the legacy of the Progressive journalist William Allen White. White's "What's the Matter With Kansas" made his national reputation, but his pride in the editorial was short-lived. As he wrote in

his Pulitzer Prize-winning *Autobiography*, the 1896 essay was penned while he was "a young cocksure reactionary." White went on to become a "left-wing Progressive" who wrote the "radical" 1910 platform for the Kansas Republican Party, which "preceded the New Deal program by 20 years." (All quoted words are White's.)

Above all, White believed in "redistributive justice" using "government as an agency of human welfare." I can't picture Sykes mouthing those phrases.

Sykes cites a Brookings study showing Wisconsin losing population to other states. But the same data table shows Wisconsin's numbers as better than Minnesota's in six of the last eight years; better than Illinois' and Michigan's every year; better than Iowa's in five of the years. Population stagnation is a regional issue, not a state issue, and Wisconsin is not at the bottom.

Sykes quotes a Princeton study saying Wisconsin "is more attractive to low-income individuals than high-income earners." But he ignores the study's conclusion about why: the "low cost of living (especially housing)." Period.

As for taxes, the study concludes: "Taxation, either of property, sales, or income, does not seem to play a role" in migration. Indeed, states best at retaining the rich "have more progressive tax systems: the poor pay a lower tax rate, and the rich pay a higher tax rate." Now that's a conclusion we can draw a moral from.

**Jack Norman**, research director  
Institute for Wisconsin's Future  
Milwaukee

## High expectations

Your article about St. Marcus and Henry Tyson ("Miracle at St. Marcus," March 2009) is a tremendous reminder of the transformation that occurs in the lives of students when urban teachers take the time to love them properly through high expectations and belief.

St. Marcus is a living example of the following truth: Students will, regardless of socioeconomic background, achieve at the level of expectation that educators set for them.

Sadly, most urban educators begin with the faulty premise that urban young people can't or won't succeed due to a litany of societal factors. They often approach their students with a condescending love and attribute student failure to poverty, crime, racism, teenage pregnancy, and other challenges within urban communities.

Such urban educators often unwittingly encourage their students to see themselves as victims and by doing so relegate their students to a life of low or no expectations. Henry Tyson and St. Marcus represent the opposite view. They believe that all students will achieve at a high level academically, despite the numerous barriers that urban students face.

In the debate about schooling in Milwaukee, we should be talking more about the focus of your article.

**Dr. Ray Dusseau**, director  
Center for Urban Teaching  
Wisconsin Lutheran College  
Milwaukee

## Your letter here.

*Wisconsin Interest* welcomes letters commenting on its stories and columns. Letters must be signed, include the writer's street address and phone number for ID purposes only, and are subject to routine editing. They should be no longer than 300 words and either emailed to [letters@wpri.org](mailto:letters@wpri.org) or mailed to Wisconsin Interest Letters, c/o Wisconsin Policy Research Institute, PO Box 382, Hartland, WI 53029.



MADISON

## 'Diversity' takes an odd turn

*Vietnam-born alder targets crime, gets blasted from the left.*

By David Blaska

Madison's infamous liberalism is so doctrinaire that the only member of a racial minority on the 20-member Madison Common Council can be accused of racism most foul.

Her accuser is former four-term alder Brenda Konkel, she of the blond hair and pink politics. Konkel told her 750 "friends" on Facebook that Ald. Thuy Pham-Remmele, a refugee from Vietnam, a retired educator, and the first Asian-American elected to the council, is "racist."

Pham-Remmele's sin? Speaking about the city's growing crime and deteriorating quality-of-life issues frankly, without tap-dancing to the peculiar metronome of PC-speak.



Ald. Thuy Pham-Remmele

Ald. Thuy—as she is best known—“made reference to people being more worried about braiding their hair and doing their fingernails than taking care of their kids,” Konkel accused. “Then there was...her odd comments about the ‘dark side.’”

Get it? The “dark side.” DNA-quality proof of racism!

This is what Ald. Thuy (pronounced “Twee”) said when she introduced an ordinance to move the curfew up one hour from the current midnight on weekends and 11 p.m. on school nights: “I co-sponsored this ordinance...to keep youth from staying out late, especially on school nights, to protect vulnerable juveniles from the dark side as well as to curb negative activities that affect the quality of life in our neighborhoods.”

She acted after constituents complained about noise, foul language, fights, and vandalism from unsupervised youths running through backyards at all hours of the night in a neighborhood sometimes raked by gunfire.

It matters not to the racial arsonists that Police Chief Noble Wray, himself African-American, supported Thuy's curfew ordinance. The supreme irony is that the left's ACLU mentality of stressing rights without responsibility isn't helping anyone improve their lives.

“It's like *Lord of the Flies* out there,” said a young father testifying at a strategy session co-hosted by Ald. Thuy with landlords, police and neighbors of the troubled southwest Madison neighborhood. He was referring to the classic novel exploring how teenage boys without adults descend into savagery.

That same evening, shortly after 10 p.m., a 17-year-old high school sophomore, who had already fathered a child, was shot dead on the street. Two 16-year-olds are charged with first-degree murder, and a third is being held on related charges.

The irony is that had the Common Council adopted Ald. Thuy's curfew as originally proposed, the victim and his suspected killers would have been enjoined from roaming the streets.

Crime is not a new concern. Barely into her first term in office, Ald. Thuy held a listening session in summer 2007 where 750 neighbors told Mayor Dave Cieslewicz to drop his plan for a citywide trolley system and concentrate on crime.

Cieslewicz and his fellow liberal Democrat, Dane County Executive Kathleen Falk, sensed that Thuy Pham-Remmele would be trouble right from the start. They urged her defeat in her first race in spring 2007. “They give lip service to ‘diversity’.... Had they been successful the Common Council would have been all white,” the alder noted.

After winning re-election unopposed this April, the mayor paid Thuy back by removing her from the influential Community Development Block Grant Commission. He appointed her, instead, to the committee that oversees street vendor carts.

Get it? Thuy? Vietnamese? Food carts?

A scoundrel would call that racist.

David Blaska, a former Dane County supervisor, blogs at [TheDailyPage.com](http://TheDailyPage.com).

RACINE

## Railroded!

*Commuter train boosters pull a fast one on the public.*

By Deb Jordahl

Never give up; three simple words that have become the battle cry of commuter rail enthusiasts here in southeastern Wisconsin. And while there's nothing simple about constructing, maintaining and operating commuter rail, it's child's play compared to selling a



weary public on the virtues of building a new system on our dime and in our backyard.

Pro-rail forces have been trying for decades to convince us that we need commuter rail. Their plan has undergone more cosmetic surgery than Joan Rivers.

The latest makeover calls for a 33-mile system running from Milwaukee through Racine to Kenosha and connecting with the Illinois METRA system to downtown Chicago. The planners dream of 14 workday roundtrips and start-up costs—pick a number!—of supposedly \$198 million.

Frustrated but never defeated, our community leaders know that the general public simply cannot be trusted to make the right decision when it comes to this investment in mass betterment.

But what are elitists to do when public opinion gets in the way? Why, get an unelected board to bypass them, of course.

Enter the regional transit authorities the Democrats slipped into the state budget. These unelected boards will be empowered to raise taxes, issue debt and even seize private property. At the same time, RTA members have been completely insulated from an angry electorate. You can't throw these bums out, because you didn't hire them!

**Proponents say Regional Transit Authorities** (RTAs) give local governments a mechanism for replacing declining federal and state aid without increasing property taxes. What's more, they say, RTAs allow regions to invest in long-term improvements to the transportation infrastructure.

Translation: RTAs let government keep right on spending money it doesn't have on projects the public would likely reject if given the opportunity. Truth be told, the public would most likely oppose creating the RTA in the first place.

This is precisely why proponents have gone to such great lengths to avoid an open and honest debate on the subject; why Doyle stuck the plan in his 1,700-page budget, rather than presenting it in separate legislation; and why the Legislature's Joint Finance Committee voted to pass it at 3 a.m.

What a great way to avoid the questions our neighbors in southeast Wisconsin have been

asking, like: Will traffic really be stopped 1,500 times a day to allow trains to pass, including once every 15 minutes during rush hour?

**Will it really cost \$25 per rider for every round trip?**

Will it really cost taxpayers \$25 per rider for every round trip? Will that obnoxious train horn blow at each of the 53 crossings 28 times a day?

The absurdity of abdicating taxing and spending authority to a completely unaccountable board should be obvious to policymakers. (For an object lesson in what can go wrong, look at the Milwaukee Area Technical College's shenanigans.)

However, since the acquisition and maintenance of power remain the primary purpose of elected leaders who want to have their train and ride it too, expect to see a proliferation of these unelected boards throughout Wisconsin.

*Deb Jordahl is a conservative strategist and consultant. She blogs at [www.wpri.org](http://www.wpri.org).*



# GenNext GOP

*Dubbed a future leader, Paul Ryan already shapes the Washington debate. By Stephen F. Hayes*

*Shortly after 12:30 p.m. on Jan. 27, U.S. Rep. Paul Ryan walked into a private room at Charlie Palmer's steakhouse—an upscale restaurant one block from the Capitol in Washington, D.C.*

It was exactly one week since Barack Obama had been inaugurated, and some of the country's most influential political journalists had turned out to hear Ryan. The political director for ABC News, CNN's vice president for Washington programming, a White House correspondent for *The New York Times*, the executive producer for NBC's "Meet the Press"—about a dozen in all.

Ryan walked in wearing headphones. His young press staffer, Conor Sweeney, a graduate of Marquette University, followed behind. When a reporter asked why Ryan was listening to his iPod, the congressman explained that he listened to music between meetings because it helps him relax.

The obvious question followed. What are you listening to?

"Led Zeppelin," Ryan replied with a smile. Everyone in the room laughed. Ryan didn't eat much, preferring to spend his limited time talking policy. The session was on background—meaning reporters couldn't quote him by name.

Ryan nonetheless spent nearly an hour talking, at times in mind-numbing detail, about the likely consequences of the Obama administration's fiscal policy and what Republicans would do differently. His critiques were policy-focused, as they always are, and smart.

**At just 38, Paul Ryan is already considered a guiding voice of conservatives in Washington. In**

media profiles and speech introductions, Ryan is often described as a next-generation leader of the Republican Party. That's only half right. Ryan will almost certainly shape the GOP in the years to come. But, as the gathering at Charlie Palmer's suggests, Ryan is an influential voice in Washington right now.

He is the highest-ranking Republican on the House Budget Committee and a senior member of the Ways and Means Committee. Between those two committees, Ryan has the ability to affect economic policy—from the federal budget and entitlements to government spending and taxes—in an almost unparalleled way.

Eric Cantor, whose role as House Minority Whip makes him the second-highest-ranking Republican, calls Ryan "the intellectual heavyweight within our conference." He adds: "No one understands the budget and the nuances of America's fiscal outlook like him. He commands the total respect of his colleagues because he does his homework."

Ryan comes by this intellectualism naturally. A native of Janesville, Ryan studied economics and political science at Miami University in Ohio. Upon arriving in Washington, he worked as policy director for Empower America, a think tank founded by Bill Bennett and the late Jack Kemp to advance their brand of optimistic conservatism. Perhaps more than any other Republican, he is the avatar of that hopeful philosophy of limited government.

This was in evidence on May 10, when Ryan addressed graduates at his alma mater. He spoke



about the new American conformity, which, he argued, looks a lot like the old American conformity. Here's what he said:

"In Washington, at the center of the American political order, there is nothing more 'correct,' nothing more necessary than to conform to the pessimistic view that America has lost its primacy in the world and we are going to have to live with decline at home and abroad," he said.

"We are supposed to adjust to shrunken dreams and manage the stagnation by controlling more and more sectors of what was once a free society.

"Free society turned out to be a failure—it allowed unlimited greed to bring our economy down. Now government—moderate, selfless, unambitious government—must step in to direct producers, investors, homebuyers, and entrepreneurs to drive greed out of the 21st century. Government also has to take the lead in creating jobs.

"If you ask how government can create a job without paying for it by taking the money from jobs and workers in the private sector, the new conformists will label you 'uncompassionate' or worse. The best we can hope for, they say, is to survive. My friends, America isn't a nation of survivors. America is a nation of dreamers, innovators—we are a nation of winners."

**Ryan is, at heart, a policy wonk.** He's good-looking and personable, and he can work a room like an old political pro. But he seems to enjoy the drudgery of budget work or retooling targeted tax credits like he's a fiscal policy analyst working in the basement of the Congressional Budget Office.

A year before the mainstream media labeled Republicans "The Party of No," Ryan published an 86-page "Roadmap for America," a detailed plan to put the country on the road to financial

stability. Ryan offered three objectives: achieve health and retirement security, lift the debt burden, and promote economic growth.

The pages of the plan are filled with dozens of charts and graphs that demonstrate America's fiscal crisis and Ryan's proposals to address it.

The fact that Ryan is articulate and knowledgeable helps explain why he spends

## Ryan shares the optimistic conservatism of Jack Kemp and Bill Bennett.

much of his time these days on CNBC's "Squawk Box" or on Fox News discussing Republicans' opposition to Barack Obama's rapid and dramatic expansion of the federal government's role in the U.S. economy.

Ryan does sometimes slip into "wonk-speak"—the kind of Budget Committee jargon that is meaningless to most Americans—but virtually everyone agrees that he is one of the best public faces for conservatives in Congress.

"He's smart, eloquent, well-informed and committed to the conservative principles that made this country great," says Liz Cheney, daughter of Vice President Dick Cheney and another next-generation conservative leader.

There is little disagreement among inside-the-Beltway conservatives that Ryan will have a prominent role in the future of the Republican Party. The only question is whether he'll be director of the Office of Management and Budget in a future Republican administration—or whether he'll be on the ticket someday himself. ■



Stephen F. Hayes, a Wauwatosa native, is a senior writer for the *Weekly Standard*. His books include *Cheney: The Untold Story of America's Most Powerful and Controversial Vice President* (HarperCollins) and *The Connection: How al Qaeda's Collaboration with Saddam Hussein Has Endangered America* (HarperCollins).

# WISCONSIN FLUNKS ITS ECONOMICS TEST

**During the  
Doyle years, the  
state failed to  
create new jobs  
while descending  
to Alabama-level  
wages.**

**By Thomas Hefty  
and John Torinus Jr.**



*Our state motto is “Forward,” but Wisconsin is falling behind in the economic race to create jobs and raise family incomes.*

As we’ll show here, Wisconsin is lagging its own economic performance of the 1990s and losing ground to other states—especially to other upper Midwest states like Minnesota, Iowa and Illinois. It is even failing to meet its own goals—established in 1997 with much fanfare by a blue ribbon commission—for ramping up the state economy.

Although our political and media leaders ignore these failings, Wisconsin residents intuitively understand how our economic anemia has sapped their incomes and diminished their opportunities.

Since 2005, Wisconsin has experienced growing out-migration. Our citizens have voted with their feet, moving to states where they foresee a better future.

In the end, gauging economic success is really pretty simple for most people. Is Wisconsin gaining jobs? Are family incomes rising? Are wages increasing? In a word: No. Yet our state officials go out of their way (perhaps understandably) to emphasize the good news about Wisconsin business while

ignoring the bad.

Consider how officials in the Doyle administration have massaged the unemployment rate to make Wisconsin job performance look better than it really is.

**Beginning in 1988 and ending in 2006, the state unemployment rate was lower than the national average.** That was good news. But as the Wisconsin advantage began to erode, the state Department of Workforce Development compensated by re-estimating the size of the workforce.

In one month, 30,000 unemployed workers disappeared from the data, the largest one-month drop in recent history. The unemployment rate showed an apparent (but unreal) dip. Presto, once again Wisconsin unemployment appeared to be below the national average.

But the surprising drop didn’t go unnoticed by the watchful economists at the Federal Reserve. In July 2008, the Federal Reserve Bank of Minneapolis publicly referred to Wisconsin’s new method of counting the jobless as “rosy or smoky” reporting. The Fed noted that the Wisconsin unemployment rate was inconsistent with other economic data, such as growing food stamp usage.

Despite the questionable reporting, the state Department of Workforce Development regularly issued press releases congratulating

**From the left, right and center, the view is equally grim.**

the Doyle administration on its economic success. This occurred as the 2008 legislative elections drew closer.

In August, the economy was headed into a steep recession, but Secretary Roberta Gassman proclaimed, “The latest labor market figures show conditions improving.... Despite the

**The Center on Wisconsin Strategy reported the national economy was growing faster than Wisconsin’s, putting the state’s per capita income more than \$2,500 behind the national average.**

economic difficulties nationally, Wisconsin is doing relatively well overall.”

Close observers felt otherwise.

**The surprise is that the sobering assessment** transcends the usually polarized debate in Madison. From the left, right and center, the view is equally grim. Certainly, the policy recommendations differ among these analysts, but they share the same sense of worried urgency: Wisconsin has to do more to stoke its economy.

From the left, the Center on Wisconsin Strategy published its annual report in late 2008 with this unhappy summary:

“The national economy has grown more rapidly than Wisconsin’s, leaving the state’s per capita income more than \$2,500 behind the national [average]. The gap separating Wisconsin and the United States emerged in the 1980s, but strong growth during the late 1990s helped Wisconsin close the gap. Unfortunately, Wisconsin is beginning to lag again as the national economy outperforms the state’s.”

From the center, the nonpartisan Competitive Wisconsin group (it includes both business and labor representatives) reached a similar conclusion in its 2008 benchmark report: “Wisconsin has moved further away from the national average in per capita income, number of new jobs created and number of new private businesses.”

From the right, various business publications have been uniformly unimpressed with Wisconsin’s performance. In the 2009 Chief Executive magazine survey of “best and worst states for business,” Wisconsin ranked 43rd, down 10 positions from 2007. The Forbes 2008 ranking also had Wisconsin at 43rd. The 2008 CNBC overall ranking of top states for business ranked Wisconsin at 37th. The conservative Laffer State Economic Competitiveness Index placed Wisconsin at 41st.

The consistency of these assessments can’t be ignored. Among the 50 states, Wisconsin generally ranks below average in economic performance—sometimes substantially below. And its recent performance is sliding downward.



# TRAILING OUR NEIGHBORS

## MINNESOTA AND ILLINOIS HAVE HIGHER PER CAPITA INCOMES; IOWA HAS SMARTER STRATEGY

Gov. Jim Doyle recently joined Minnesota Gov. Tim Pawlenty to announce a shared-purchasing program that should save both states money. It would appear that Wisconsin should also ask Minnesota to share its economic development staff.

Twenty-five years ago, Minnesota's economy was similar to Wisconsin's. Today, Minnesota's per capita income is nearly 20% greater than Wisconsin's—\$41,105 to the Dairy State's \$36,272. Illinois also outshines us. Thanks to Chicago's economic clout, Illinois' per capita income hit \$41,012 as of December 2007.

Iowa, meanwhile, has always been a favorite point of comparison for Wisconsin politicians. At least we beat Iowa! Or as John Norquist, the Milwaukee mayor during the 1990s, used to say: "Wisconsin without Milwaukee would be Iowa." The surprise of the decade has been the growing strength of the Iowa economy—and the weakening of Wisconsin's.

Iowa's per capita income at \$34,916 is actually lower than Wisconsin's, but Iowa experienced three times the job growth as Wisconsin from 2006 to 2008 and 70% greater economic growth in that period. Not surprisingly, various business climate surveys show Iowa's ranking far higher than Wisconsin's. (See chart on this page.)

Iowa's recent success is instructive. First, rather than rely on politically connected local councils or universities dependent on state funding, Iowa retained an independent national consultant, Battelle Memorial Institute, to assess its economy and offer recommendations.

Second, when Battelle recommended a clear "cluster" economic development strategy, Iowa implemented it, unlike Wisconsin's experience with the same strategy.

Third, unlike Wisconsin, Iowa's colleges have plotted their program growth and faculty recruitment to the state's economic plan. Wisconsin fashions its economic development plans around the perceived strengths of the university.

Fourth, Iowa has a clear statewide economic development plan. Four Iowa metro areas were recognized in *Site Selection* magazine as best communities for growth in 2009. No Wisconsin communities were recognized. Five Iowa communities ranked ahead of any Wisconsin city in the 2009 Forbes ranking of best cities for growth.

Fifth, Iowa has spent its economic development dollars on industries with growth potential. Wisconsin spends its dollars trying to preserve the past. The largest Iowa economic development incentive was given to IBM, for a new facility with 1,300 employees. Wisconsin's largest incentive was given to General Motors in a failed attempt to retain the Janesville plant.

And, finally, like Minnesota, Iowa has focused on financial services as one part of a comprehensive economic development plan. The average pay in the finance and insurance sector in Iowa now exceeds the average pay in Wisconsin's sector.

Even more troubling, in this decade, one-half of the major Wisconsin insurers—including Thrivent Financial for Lutherans, Wausau Insurance, CUNA Mutual Group and Milwaukee Insurance—have either moved their headquarters out of state or have merged with out-of-state partners.

Either way, Wisconsin has lost good, well-paying jobs.

— T.H. and J.T.

## How we stack up

State	Average Annual Job Growth 2006-8	Average Annual Economic Growth 2006-8*	Forbes State Ranking for Business Climate 2008	CNBC State Ranking for Business Climate 2008
Wisconsin	0.40%	.85%	43rd	37th
Iowa	1.50%	2.75%	22nd	9th
Illinois	1.10%	1.10%	35th	30th
Minnesota	0.80%	1.80%	11th	10th

\*as defined by Gross Domestic Product

Sources: U.S. Bureau of Labor Statistics, Forbes, CNBC

## **AFFLUENT DANE COUNTY CAPTURED AID FOR 'DISTRESSED' CITIES**

A Legislative Audit Bureau report in August 2006 revealed just how scattered and unfocused Wisconsin's economic-development efforts are. The auditors found that every part of Wisconsin was designated as a development zone, and projects in eight counties that met no criteria for economic distress received 21.3% of the grants and loans awarded from 2002 to 2005.

Dane County fared particularly well. With a low jobless rate, it met none of the criteria for economic distress, but was awarded \$38.67 per capita in assistance compared to a statewide average of \$30.38 per person. Since the Audit Bureau report, that disproportionate focus on Dane County has continued unabated.

One-half of all of the new investor tax credits have gone to Dane County companies. Of course, Dane County already benefits from being the center of state government and home to the UW-Madison campus, which generate huge government payrolls.

Not surprisingly, for the 10 years ending in 2007, Madison was the only Wisconsin metro area to show an increase in wages relative to the national average. Madison wages went up from 90% of the national average to 92%. Wages in the rest of Wisconsin slid downward.

We should point out that Dane County Democrats also pretty much run state government, which might explain why Dane County does so well in capturing funding supposedly targeted for "distressed" communities throughout the state.

— T.H. and J.T.

Wisconsin ranks 47th in the five-year change in personal income, lower than its 42nd position in the 10-year metric. The Badger State ranks 43rd in change in state gross domestic product since 2000.

A little history sheds some light on these numbers.

**Like now, Wisconsin's economy suffered in the mid-1980s** amid a growing concern over the state's business climate. That decline was symbolized by Kimberly-Clark's decision to move its longtime headquarters in Neenah to Dallas. In response to losing one of the nation's largest consumer-products companies, an independent Strategic Development Commission was formed to develop a state economic plan. Many observers credit that commission, and the focus that it brought to economic development, with helping elect Tommy Thompson as governor in 1986. With a new focus on jobs and an ebullient chief salesman, the Wisconsin economy grew again.

The state economy grew faster than the national average from 1988 to 2005. Wisconsin's per capita income grew from 92% of the national average in 1990 to 98% in 2002. The state's unemployment rate beat the national average for 18 years ending in 2006. Throughout this period, the state's economic growth benefited from the hard work of Wisconsin families, especially rising workforce participation by women.

While still keeping apace of the national performance, Wisconsin job creation slowed in the latter half of the 1990s. The state responded with a flurry of action.

In 1997, Gov. Thompson created the Blue Ribbon Commission on 21st Century Jobs, chaired by UW President Katharine Lyall. Four UW-sponsored "economic summits" followed from 2000 to 2003. Two reports came out of the statewide dialogue: "The Wisconsin Economy in the Year 2010"

and “Vision 2020, a Model Wisconsin Economy.” Annual benchmark reports were prepared by the Wisconsin Taxpayers Alliance and published by Competitive Wisconsin. Those benchmark reports measure both inputs, such as investments in education, and outputs, such as jobs and per capita income.

So, plenty of thinking went into where the state’s economy needed to go and how to get there.

For instance, the 1997 Blue Ribbon Commission established measurable goals, and those metrics and the current results provide a clear picture of the state’s weak performance in this decade:

1. “Wisconsin should aim to move its personal income per capita from 96% to 100% of the U.S. average by the year 2005.” **Result: Failure.** Wisconsin has declined to 93.8% of the national average.
2. “Wisconsin job growth should continue to outpace the nation.” **Result: Failure.** Wisconsin job growth from 2000 to 2005 was zero, compared to annual national growth of 0.3%.

**A Princeton study found that Wisconsin had the third-worst migration pattern in the country. Our state ‘is more attractive to low-income individuals than to high-wage earners.’**

From 2005 to 2007 Wisconsin’s growth was 0.7%, compared to a national average of 1.5%.

3. “Maintain Wisconsin’s unemployment rate at least 10% below the national average.” **Result: Failure.** Wisconsin’s unemployment rate was better than the national average until 2006. Since 2007, the Wisconsin unemployment rate has averaged higher than the national number.

(In April 2009, the Wisconsin unemployment rate was reported at 8.8%, compared to a national average of 8.6%.)

When Jim Doyle took office in 2003, he faced a weakening economy and a growing state budget deficit. Fortunately, he had no shortage of studies to consult in formulating his

economic program, the “Grow Wisconsin Plan.”

Grow Wisconsin was a compendium of unfinished recommendations from the earlier studies and UW economic summits. Doyle’s 2003 plan included more than 100 separate initiatives and was followed by “Grow Wisconsin, the 2005 Agenda,” which included an additional 200 measures.

## Wisconsin’s shifting migration pattern

	2000-1	2001-2	2-YR AVG (2000-02)	2002-3	2003-4	2-YR AVG (2002-04)	2004-5	2005-6	2-YR AVG (2004-06)	2006-7	2007-8	2-YR AVG (2006-08)
+/- Migration to WI	872	5042	2957	602	1700	1151	-2042	-5560	-3801	-4995	-7022	-6008.5

Source: William H. Frey Analysis of Census Bureau Estimates

The governor's plan enjoyed initial success. The Legislature repealed the corporate income tax provision that penalized job growth. There was regulatory reform, increased spending on education and new incentives for start-up capital. But Grow Wisconsin was not a strategic plan—it was a lengthy list of action items. Most of the 300 ideas were positive, but they lacked a focus and overarching strategy.

Indeed, their economic impact has been limited. In venture and angel capital, Wisconsin has adopted aggressive but narrowly focused tax credits for new investments. Those credits have been used by more than 100 start-up companies, but overall capital formation still lags far behind the leading states.

Wisconsin has 2% of the population, but its companies receive only 0.3% of early-stage investments. For 2008, early-stage investments in Wisconsin actually dropped 33%.

The state also took steps to encourage entrepreneurship, and it worked. Wisconsin ranked 26th in the 2008 Small Business

Survival Index, one of Wisconsin's better rankings in any recent national survey. But Wisconsin at its best is still below average. And a 2009 Kauffman Foundation report, "Entrepreneurship Across States," ranked Wisconsin 46th in the percent of employment accounted for by young firms.

Above all, the focus of Gov. Doyle's plan was to "retain and create high-wage jobs." That laudable objective has been Wisconsin's biggest failure. Since 2005, Wisconsin's average wage has dropped by nearly 4 percentage points to 85.6% of the national average—roughly equal to wages in Alabama.

Wisconsin's drop in relative wages and drop in job growth is troubling. Generally, states with below-average wages see job growth as businesses move to areas with low operating costs. The demand for new employees then drives up local wages. Similarly, areas with high wages tend to see slowing job growth. Yet, Wisconsin has managed to slide to below-average wages and below-average job growth.

In short, we have the worst of both worlds.

**To be sure, statistics are dull and abstract.** Economics is known as "the dismal science" for a reason. But there is nothing abstract in





the hard reality in a citizen's financial decision to move to another state—to a greener pasture.

Wisconsin lost population through migration in the 1980s when our economy faltered. Similarly, during the strong economic growth of the 1990s, the state gained an average of 20,000 people per year through in-migration. That trend continued until 2004.

But since 2005, Wisconsin has again experienced growing out-migration, with an average of 7,000 leaving the state in the most recent years. A recent Princeton University study showed that upper-income workers are the most likely to leave the state.

The study, which looked at demographic data through 2007, found that Wisconsin had the third-worst migration pattern in the country. The study concluded: "Wisconsin is more attractive to low-income individuals than to high-wage earners."

That means the state is losing its highly educated and well-off citizens and attracting low-income people seeking our above-average government services. This is hardly a recipe for success.

We see a series of mistakes underlying the state's fall from prosperity. The first is a lack of focus. The 2006 Legislative Audit Bureau report on economic development found 152 different programs with 26 agencies, councils and task forces administering the grab bag of offerings. The lead economic development agency, the state

Department of Commerce, has been led by four different secretaries in six years.

Perhaps this explains the state's failure to follow through on key recommendations, particularly to foster economic clusters. The synergy that like-minded companies and institutions create when they both compete and cooperate is one of the

## **The state's economic-development effort lacks urgency and follow-through.**

driving forces of modern-day economies. (Think of Silicon Valley and its computer technology cluster.)

The leading thinkers agreed at the four UW-sponsored summits that a cluster strategy was the best organizing concept for setting priorities for Wisconsin's economic development. Other states have successfully used this model; we have given it lip service. Similarly, the state has failed to advance a comprehensive marketing program. UW-Madison's La Follette Institute, in a report to Competitive Wisconsin in 2006, concluded that the state was entirely overlooked by the trade press that follows business-site real estate.

The state's economic-development effort, in short, lacks urgency and follow-through. The phlegmatic posture is encouraged by state officials, who go out of their way to emphasize the good news and ignore the bad.

Wisconsin's fudging of its unemployment rate is a good example of ignoring bad news. Bad data does not always lead to bad policy, but it stifles any sense of public urgency or accountability in addressing the failures.

Money magazine, which used the understated jobless rate, recently ranked Madison #2 in the country for job prospects. The Greater Madison Convention & Visitors Bureau and local media touted that recognition. But a similar Yahoo/Forbes magazine ranking of Best Cities for Jobs used actual job growth in its calculation, not the misreported unemployment rate.

Madison ranked 158th in that survey.

Obviously, if a state or region is #2 in the country, economic development policy must be successful. Why question the political leadership

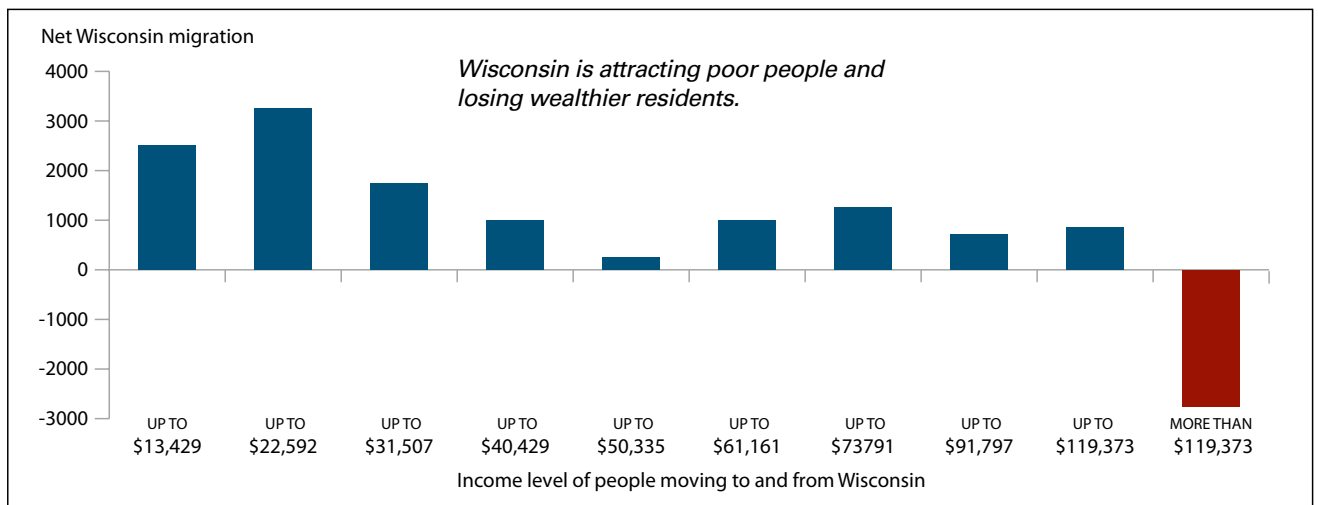
or change direction? But if a university town languishes in the middle of the national rankings, the state's economic-development policies require attention and debate.

**Our citizens have voted with their feet, moving to states where they foresee a better future.**

In fact, in actual job growth, Madison's ranking was the lowest of any Big Ten campus community outside of highly distressed Michigan. The "rosy or smoky" reporting had an impact. It delayed a needed debate about economic direction.

Not only has an honest debate been delayed, but some officials continue to attack anyone who questions the state's direction. Most recently in response to Thomas Industries moving almost 300 manufacturing jobs from Sheboygan to Louisiana, the state's commerce secretary, Richard Leinenkugel, said, "Any time you go negative on these things, it doesn't help in terms of business climate in Wisconsin."

## Voting with their feet



Source: "Trends In New Jersey Migration" (September 2008), Princeton University

The secretary ignores the clear economic statistics—jobs are leaving the state. Ignoring the problem won't make it better.

**The final reason for Wisconsin's economic failure** is intangible: Call it business climate, call it the leadership or salesmanship factor. Businesses make location decisions based on objective factors, such as an educated workforce, business costs or tax rates. But as human beings, business executives also make long-term investment decisions based on their gut-level trust in the political system.

Those gut feelings are influenced by personal contacts—telephone calls, face-to-face meetings, handshakes with the governor and legislative leaders. All these help shape the perceptions of business executives.

For example, if the economy falters, do the business execs think the political leaders will cut spending or raise taxes? How much sway will political contributions have on economic policy? (The influence of money will always be there, but is it overriding?) If business leaders are upset about a policy, do they sense that they will get a fair hearing, or that they will be blown off?

Most of all, do they believe that the political leaders have a clear vision for the state's economic development? By this measure, Wisconsin has not performed well.

**We need to build a more competitive economy or reconcile ourselves to becoming the Alabama of the north.**

In their initial letter to stakeholders in the Wisconsin Technology Council in 2002, the group's leaders concluded: "The need for economic change is evident.... Barring dramatic change, some forecasts suggest [Wisconsin] per capita income will fall to 83% of the U.S. average in 20 years." That downward trend is unabated. In 2002, the state was at 98% of U.S. per capita income; by 2008, it had fallen to 93.8%.

For better or for worse, Gov. Doyle has been at the helm during this slide. An increase in education spending and added incentives for venture capital and entrepreneurship aren't sufficient by themselves for the state to enjoy economic success. Success requires a plan. It requires leadership in the governor's office and in the cabinet offices. It starts with a positive attitude toward business, and it thrives with enthusiastic salesmanship.

But it also requires that a cold, hard reality be faced: Wisconsin is falling behind. Our economy is suffering, and so are our citizens. We need to build a more competitive economy or reconcile ourselves to becoming the Alabama of the north. ■

*Thomas Hefty is the retired CEO of Blue Cross-Blue Shield of Wisconsin. He co-chaired Gov. Doyle's Economic Growth Council from 2003 to 2005. John Torinus Jr. is president of Serigraph Inc. in West Bend and a columnist for The Milwaukee Journal Sentinel. Both Hefty and Torinus are past chairs of Competitive Wisconsin, a nonpartisan business advocacy group.*

# Summit Meeting.

By Charles J. Sykes and Marc Eisen

Scott Walker got in first; Mark Neumann just made it official.

Walker, a former Republican legislator who has been elected county executive three times in heavily Democratic Milwaukee County announced earlier this year that he is running for governor in 2010. Neumann, who served two terms in Congress (from 1995 to 1999) and has since run a successful home building business, The Neumann Companies, jumped into the race on July 1.

Incumbent Jim Doyle has been elected twice, but in mid-June a national Democratic pollster reported that Doyle's approval rating had fallen to 34%, even in a sample of voters who gave high marks to other Democrats, including President Obama. Not surprisingly, the 2010 contest is expected to be one of the most hotly contested in the country, and Republicans now appear poised to have a lively primary contest

among two widely known conservatives.

In late May, Walker, 41, and Neumann, 55, sat down with us in the Hartland offices of the Wisconsin Policy Research Institute. Both men shared sharp criticism of Doyle's economic stewardship and tax policy; both pledged not to raise taxes. But differences emerged as well, including on whether recent Republican setbacks could be blamed on the wrong messenger or whether the party needed to change its message as well.

Walker stressed his fiscal prudence in running a county government, while Neumann emphasized his business experience as a homebuilder and touted his "green" agenda. Below is an edited partial transcript. The complete interview was taped and will be podcast on the WPRI website ([www.wpri.org](http://www.wpri.org)).



*Seated left to right in photo:  
Charles J. Sykes, Mark Neumann,  
Scott Walker, Marc Eisen*



# GOP **hopefuls** meet for first time, critique Jim Doyle's tenure, make their cases to be governor.

**SYKES:** Is Wisconsin on the right track under Jim Doyle?

**WALKER:** Our government is certainly on the wrong track. Through March we've lost over 120,000 jobs in the last year. We have an unemployment rate of 9.4%, which is higher than the national average. That hasn't happened in a long time, since 1982.

I think a majority of people aren't satisfied with where the state is headed. I'm certainly not. When you look at the leadership when Wisconsin has not just the largest budget deficit ever, but one of the largest in the country—literally—Doyle's answer has been to raise taxes in total by nearly \$3 billion and to increase overall state spending by approximately 10%.

**NEUMANN:** I would concur with everything he's just said. The bigger picture is that we're setting up an environment that does not create jobs. When you think of the

meaning of that long-term, I think of my children and grandchildren and where they're going to work when they come out of our schools and colleges. I hate to say it, but it looks like India, China, Mexico. The policies we have in place today are causing our business leaders to move to another country. Those are the policies we have to look at very closely and change.

**SYKES:** Are either of you prepared to say: "Read my lips—No new taxes"?

**NEUMANN:** Yes.

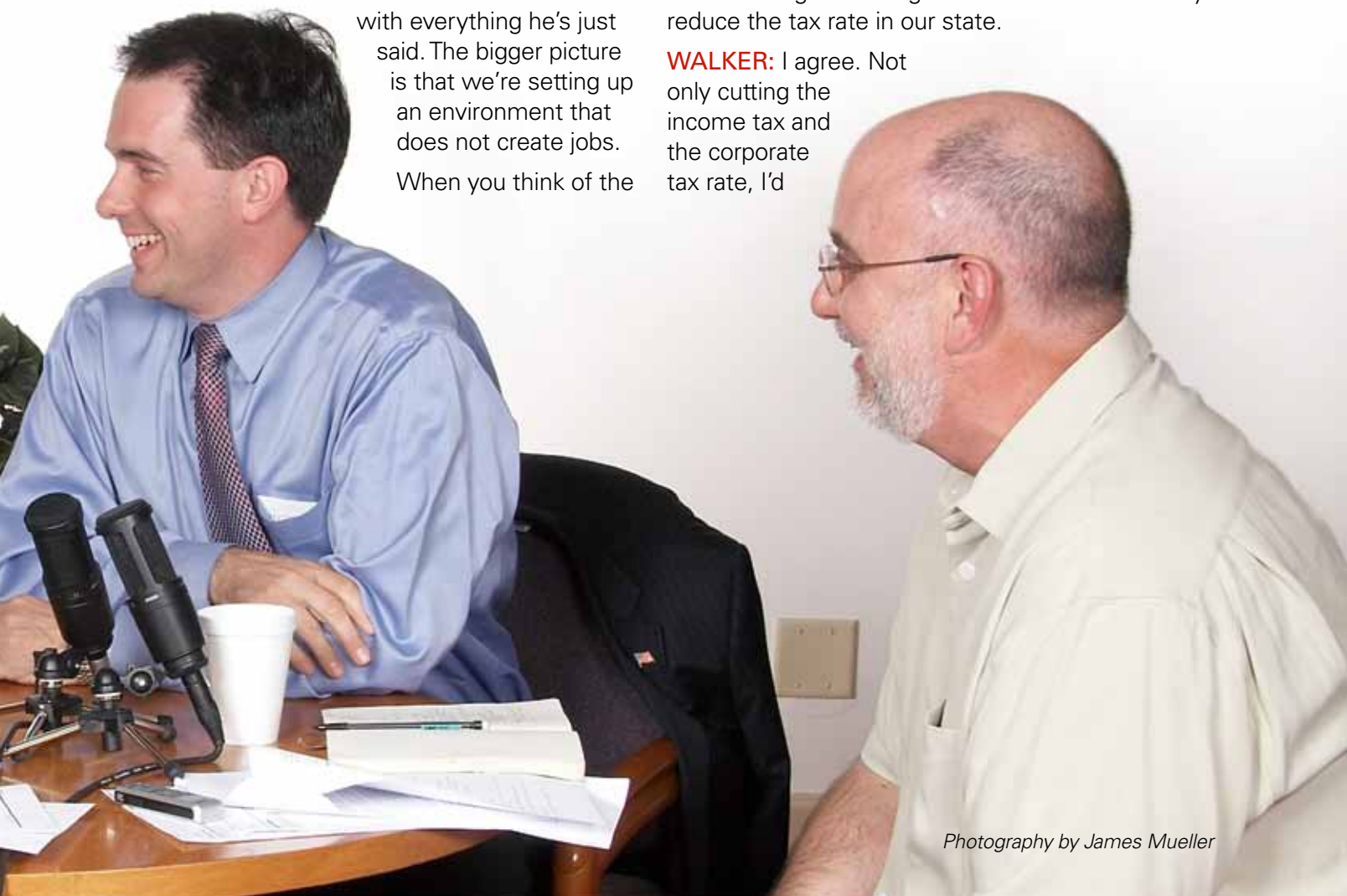
**WALKER:** Absolutely. I've done it for seven years.

**SYKES:** No tax increases?

**WALKER:** Absolutely.

**NEUMANN:** I want to go a step better. "No new taxes" isn't good enough. We need to dramatically reduce the tax rate in our state.

**WALKER:** I agree. Not only cutting the income tax and the corporate tax rate, I'd



# Are either of you prepared to say: “**Read my lips**—No new taxes”?

look at retirement income in particular. If we could, I'd like to be at the point where we eliminate all state tax related to retirement.

**EISEN:** Would you change the terms by which the state dishes out money to local governments, the schools and the university? How about restructuring state and local government so that we would have, say, fewer towns, smaller county boards?

**WALKER:** In terms of consolidations, absolutely. If you look at other states, Ohio has about double the population and half the school districts. There could be greater incentives built in local aid from state government to encourage that. It's not something you mandate, but you can tie it into the funding structure.

**EISEN:** Would you be in favor of granting cities and counties more powers to set their own taxes to run local government and hence have less state aid going to them?

**WALKER:** No. The reason I have been so adamant as a county executive in holding the line on taxes is not because I want my level of government to have [more] taxing authority. It's because I have too many young families, too many employers, too many seniors being forced to move [because of taxes].

Whether it's the town government, city government, the school district, or the county—if our overall tax burden goes up too high, it will drive more people and more jobs out of the state.

**NEUMANN:** I'm not sure I'm smart enough to tell our local people how to run their own government in their own backyard. I've seen lots of these boards. The people at the local level are smart. They know what they're doing. They've been around and understand the issues better than anybody at the state level.

It's necessary that the state lead by example. As we set policy at the state level that reels in our own spending, we're going to encourage them [at the local level] to do the same thing. Some will follow closely, and some won't. The

ones that follow closely will continue to create an environment where taxes are low, and businesses will locate there.

**WALKER:** The mediation-arbitration law artificially inflates the wage and benefits packages for public employees. If state government wants to get serious about controlling spending, you've got to give the tools to local government to control the wage and benefits structure.

When you've got a policy that essentially mandates a three or four percent increase just because everybody else in the surrounding area is getting that, it makes it very difficult for those of us who are trying to hold the line on taxes.

**SYKES:** The Milwaukee Public Schools have been an educational and fiscal disaster for a long time. Is it time to blow up MPS? Is it time to consider a state takeover?

**WALKER:** It's time to do something dramatic. Whether or not it's a state takeover—Tommy Thompson talked about that a decade ago. An alternative would be to break it up into smaller districts. When you start talking about anywhere from 80,000 to 100,000 kids, it becomes very difficult for anybody to get their hands around it.

I would lift the lid entirely on school choice. I would allow schools throughout the county to [participate]. Take Thomas Moore, which has a very successful program, but can't currently operate [as a choice school] because part of its property is in St. Francis. I would allow for expansion, and I would lift some of the limits on charter schools,

**NEUMANN:** There is dramatic change needed in education. What's going on in policy in Madison right now is that more rules, regulations and red tape are being thrown at our choice and charter schools so that less and less dollars get to the classroom. They're tying the hands of the innovative people in education. We need to expand the opportunity in choice and charter schools.

**SYKES:** Back in the 1980s, the Republicans were

arguably the party of ideas—you had welfare reform, lower taxes, school choice. What's the next big conservative idea?

**NEUMANN:** I think the next big idea comes from the environment. Green technology is the future. Green technology today is the computer of a generation ago when I was in school. We should be jumping all over green technology and looking at how we can provide jobs here in Wisconsin.

Right now in Washington they're talking about cap and trade and charging for carbon emissions. That's going to encourage business to not only leave Wisconsin but to leave America. Here's a big new idea: Suppose we look at the improved environment that our government is trying to obtain through cap and trade, and we point out a different way to obtain that, in a way that creates jobs in Wisconsin.

We know for a fact that we can provide an economically viable home that produces all of the energy it needs for heating and cooling and running all appliances—and for running an electric automobile. We can produce all of this energy onsite in an economically viable way.

When this takes off, we should be able to demonstrate to the federal government that we can improve our environment while creating these jobs in the green technology area. That takes the environment from an anti-Republican position and puts it back to what we believe in with our party.

**SYKES:** Are you in favor of cap and trade?

**NEUMANN:** If I'm elected governor, we will lay out a plan to accomplish the goals of cap and trade—an improved environment—without the cap-and-trade taxes on our businesses.

**WALKER:** One big idea involves the role of the governor. Right now, we have the bureaucrat in chief. I think we need to go from that to a role of advocate in chief. I know how to pick

great managers. We're going to do that. But the governor has to be more than that. Tommy was that in '86 coming off the similar troubles we had with Tony Earl and the recession.

We've got to get to the point where we have an advocate who advocates for the state, its jobs, for its business, for its citizens.

We need to think big. How do we guarantee a world-class education, whether it is in choice schools, public schools, charter schools, even home schools? I don't think it's good enough to provide education the way we have in the past.



**EISEN:** There is a major ongoing crisis in Milwaukee involving education, crime and joblessness. Rather than being the economic engine of this state in the way that Chicago is for Illinois and the Twin Cities are for Minnesota, Milwaukee is arguably a millstone around the neck of Wisconsin. What would you do about that?

**WALKER:** It's years of bureaucratic, socialistic-driven policy—some at the municipal level, some at the state—that have largely maintained those walls of poverty. We have both an incredible challenge as well as an incredible opportunity all at once.

We have a huge wave of job openings as the first wave of baby boomers enters the retirement years. There are going to be jobs opening up for people in Milwaukee and southeastern Wisconsin. But right now we don't have a workforce that's adequately trained because of our school system. We don't have the family structure that demands not only a good education but that their kids stay in school, stay out of trouble and have a strong work ethic.

One of the biggest problems we had with welfare was that it ingrained in generation after generation the idea they could get by living off of welfare.

# How about the Miss California question: Is **marriage** between a man and a woman?

**NEUMANN:** I definitely agree there is a huge problem in Milwaukee County. I'm on the ground floor. I'm in the business world. We do business in Kenosha, Racine, Milwaukee, Ozaukee, Washington and Jefferson counties. When I build a house in Milwaukee County, the taxes on that same house two miles away over the border is \$150 a month [less]. Taxes are outrageously high in Milwaukee County.

The bigger picture is that we have to attract businesses to Wisconsin. There are three parts to that. First, we have a plan in place to incrementally reduce our taxes by 24%. That would attract businesses and change their attitude. Second, we need the best-educated kids in the entire world. You do that by promoting your great public schools. But you have to go beyond that when you have mediocre and poor public schools. We want to promote competition through choice and charter schools. The third one is to look at the environmental rules that are causing our businesses to leave.

**SYKES:** Mark, what's the difference between you and Jim Doyle on the environment?

**NEUMANN:** I would ask the federal government for a waiver from the cap-and-trade rules by laying out a job-creating program for Wisconsin that accomplishes the same thing for the environment.

**SYKES:** Where do you stand on a statewide smoking ban?

**NEUMANN:** I'd have to give more thought to answer that.

**WALKER:** No. I think local business should determine their own policy.

**SYKES:** Should public employees be encouraged or required to pay more of their own pension?

**WALKER:** Absolutely.

**NEUMANN:** That's a big-picture question. If they say "I want to take less wages and have that covered," I'd certainly be receptive.

**WALKER:** Decades ago, maybe it was legitimate to say that public employees received a lesser amount of salary than their cohorts in the private sector, but benefits were stronger. That's no longer the case, particularly now. Everybody else across America and here in Wisconsin is willing to concede things to keep people employed. Why is the public sector the only place not doing it?

**EISEN:** But how do you negotiate those contractual changes? What do you give the unions instead?

**WALKER:** I think you have to draw the line. That's why mediation-arbitration is such a horrible law, because it ties the hands particularly at the local level, but also at the state level. It's not just a matter if people get laid off or not. Can we provide core services without bankrupting the taxpayers of the state?

If you look at Minnesota and Iowa, they have considerably lower tax burdens even though they have great schools and great public services. Why is it? Because their fringe benefit rate is so much lower than in Wisconsin. Until we get a handle on that, we're not going to be able to control spending.

**NEUMANN:** As a small business owner who negotiates with his employees on a regular basis, we look at package costs to our company. Do I care if they get more in benefits and less in wages, or more in wages and less in benefits? That's something we talk to them about, and we let them help us make that decision. As an employer, it's pretty straightforward. It's the package costs of the employee that I have to look at.

**SYKES:** Would you save money like Gov. Doyle is doing by letting people out of prison, or would you spend more money on prisons?

**NEUMANN:** I would not do what he's suggesting.

**WALKER:** Public safety is absolutely priority number one. We should never let convicted felons go back on the street early. Years ago, we used



to send [felons] to out-of-state prisons that were a fraction of the cost of our state prisons. If it's cheaper to send them somewhere else, as long as they're incarcerated, it's fine by me.

**EISEN:** Mark, have your views about gays changed? In 1997, you told the La Crosse Christian Coalition you would not hire a gay or lesbian for your office: "If somebody walks in to me and says, 'I'm a gay person; I want a job in your office,' I would say, 'that's inappropriate,' and they wouldn't be hired because that would mean they are promoting their agenda."

**NEUMANN:** Perhaps my understanding of state statute has changed. Whatever the situation is, we would honor the statute, rules and regulations that dictate how you handle that sort of situation. I would respect them.

**SYKES:** How about the Miss California question: Is marriage between a man and a woman?

**NEUMANN:** Yes.

**WALKER:** Absolutely. It's a pretty simple concept—one man, one woman.

**SYKES:** What about the extension of domestic partnership benefits to state employees?

**WALKER:** I would not advocate it. It seems remarkable even aside from the moral side when we're looking at layoffs that anybody would be talking about extending any benefits, let alone same-sex or domestic partner benefits.

**NEUMANN:** Same position.

**EISEN:** What's happened to the Republican Party in Wisconsin? The Democrats control the governor's office, the state Senate and the Assembly, both U.S senate seats and five of eight congressional offices. In the 2008 presidential election, the state swung decisively to Obama.

**NEUMANN:** When you give those voting results,

I would suggest it's because we've lost our way. We need bold new ideas to lead this state.

**WALKER:** I think Wisconsin is still a center-right state. Look at Justice Gableman's election last spring. If voters have a choice between two clear messages, one from the right and one from the left, they're going to go with the more conservative one.

You mention the presidential election. John McCain is a great American hero, but John McCain was not the right messenger. I don't know if he carried a truly conservative message.



I think we are still a center-right state. Just as you see in other parts of the country where voters have had a clear choice in the governor's race: Every Republican who ran for reelection won, because every one of those governors had a record of reform and a record of being good stewards of the taxpayers' money.

This election for governor is going to be the clearest contrast we've had since 1986, when Tommy Thompson beat Tony Earl. It's going to be about jobs, it's going to be about core principles. We're going to send a clear message to the public about limited government, economic opportunity and personal freedom.

**SYKES:** But clearly we've gone from a state that elected Tommy Thompson to a state that has been electing very far-left figures rather consistently. Did Republicans make a mistake the last time they had responsibility by emphasizing the wrong issues?

**WALKER:** Sure, they didn't talk about the economy. You look at the last two sessions on the legislative side, and what are the core issues that Assembly Republicans brought to the forefront, many of them my former colleagues? People are in pain because of the economy. And yet the issues they're pointing to are not something that

# Are you talking about what Democrats call the “guns, God and gays” agenda?

will create an environment where more jobs and more opportunity come to the state.

**SYKES:** Are you talking about what Democrats call the “guns, God and gays” agenda? Was that a mistake?

**WALKER:** I don’t believe those issues are wrong. Many of those issues are things I believe in. What I say is wrong is the focus. You can’t talk about those things and have a void. You can’t be running on empty when it comes to the economy. You can talk about those social issues if you have an agenda that talks about getting the economy going.

**NEUMANN:** Scott and I are very similar on issues, but there is one area where I perceive us to be different. Scott has said repeatedly, if I understand you correctly, that it’s not the message but the messenger—John McCain—that was the problem. I don’t believe that’s true.

I believe it’s the message. I believe the message has to be changed to the point where it includes people who have been put out from the Republican Party. These big, bold ideas I’m talking about need to attract more people to this party without offending our base at the same time.

When I talk about the environment, that’s an issue people have been afraid to talk about on our side of the aisle. I think it’s an extremely important issue. We’ve seen it in our business.

Virtually every business has gone green. Our customers in the home-buying industry want green, and they want it everywhere—from how you build a house with energy efficiency all the way up to an energy-producing home. They want green.

We need to start talking about issues that bring people back to the party.

**SYKES:** Is there a green government mandate or regulation? A subsidy?

**NEUMANN:** No, sir. If government would just

leave things alone, it would be fine, guys. The world has changed to a point right now—I get excited, because I see it firsthand—that the job opportunities in the environmental area are immense.

**SYKES:** Is there anything you disagree with here, Scott?

**WALKER:** I’m all for going green as long as it saves green. I’m just not going to put an emphasis on something where I have to put money that we don’t have for the sake of being green, which I don’t hear Mark saying.

**SYKES:** No one leaves the room until you disagree on something!

**NEUMANN:** We disagree on whether it was the message or the messenger that was the problem. I do believe our message needs work. It’s fine that were talking about the environment now, but I bet you dollars to doughnuts that in 2006 there was not a Republican in the state of Wisconsin talking about a pro-job-growth environmental policy that reduces carbon emissions and improves our environment for future generations. It was not there in 2006.

**WALKER:** It’s a pretty thin-line difference. I’m just saying that the message that Ronald Reagan won on, the message that Tommy Thompson won on, and that I think we’re going to win on next year, is core principles. It’s not specifics. You can talk about environment, the schools, regulations, taxes. Those are specifics. The core principles are simple but not always easy. It’s things like limited government, economic opportunity, personal freedom.

**EISEN:** For either of you to win, you have to narrow the huge Democratic margin in Dane County. What Mark has said here might appeal to some Democrats who are disaffected with Jim Doyle. But I’m not sure you’ve said anything, Scott, that will appeal to those disaffected Democrats.

**WALKER:** I’ve always taken the approach you don’t

need to pander to voters. The voters in Madison I've talked to lately, one of their number-one concerns is public safety, particularly in the city of Madison. There's some real concern. If you look at the fact that Jim Doyle is going to let up to 3,000 convicted criminals back on the streets early, that's a problem.

The fact that Jim Doyle is going to sign off on a budget that cuts the number of prosecutors in Dane County and across the state at the same time they're upping funding for public defenders—I don't think there's a whole lot of moms and dads in the city of Madison and Dane County who think that's a very good idea.

I'll compare my record to Jim Doyle's. Since 2002 he's had debt go through the roof; we've cut our debt 10%. He said he was going to cut his workforce by 10,000—he's going to have an increase by the end of his term. I reduced my workforce by more than 20%.

He talks about not increasing taxes, yet he's adding \$3 billion worth of tax increases. I've done seven straight budgets without a property tax levy increase. He talked about being fiscally responsible, but he's got the largest budget deficit in state history. We finished the year with another surplus.

I think any voter, whether they're in Madison or Manitowoc, can say that's something they can gravitate to.

**NEUMANN:** Let me go back to the original question of how we're going to attract some of those other voters. The concept of job creation through environmental jobs is not pandering to a liberal Democrat or anyone else. It's the fact of where we're going as a nation.



Look at what the CEO of GE said the other morning: He's talking about job growth in this area that exceeds anything we've seen in our nation's history if we just step forward and take advantage of it. That's not pandering. It's creating an environment where those jobs will be created here.

Suppose we could get some of those solar-panel production companies to come to Wisconsin. Suppose we could get an electric automaker back in the General Motors plant in Janesville or to where we made motors in Kenosha.

That's not pandering to voters. It's not Republican, it's not Democrat. It's about securing the future of our children and grandchildren.

**WALKER:** Let me clarify something. I believe you're not saying this to attract voters in Madison. This is something you're passionate about.

**SYKES:** Do you think Jim Doyle is running for election?

**NEUMANN:** I'm assuming he is.

**WALKER:** Yes. Unlike most people who think all the politically ridiculous things in the budget—letting felons out, all the problems that are going to drive jobs out of the state—is because he's not running, I think the opposite. I'm an optimist overall, but with Jim Doyle, unfortunately, I'm a cynic.

The way he's won in the past against Scott McCallum and Mark Green is not to have people vote for him but to vote against his opponent. The only way he can do that is by funding his campaign. And that's a checklist of every special-interest group out there who wants something [in return] for funding his campaign. ■

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*Charles J. Sykes is editor of Wisconsin Interest and a Milwaukee talk show host. Marc Eisen is a former editor of the Madison weekly Isthmus.*

# Walker VS. Neumann?

A primary battle  
would likely  
strengthen—not  
weaken—the  
GOP's chances.

By *Kenneth R. Lamke*

The prospect of a primary contest between Milwaukee County Executive Scott Walker and former Congressman Mark Neumann for the Republican nomination for governor in 2010 greatly enhances the GOP's chances of defeating Gov. Jim Doyle next year.

At least the historical record of the past 45 years of Wisconsin elections leads to that conclusion.

Each of the six times that incumbent governors or U.S. senators were defeated since 1962 occurred when the nominee of the out party emerged from a contested primary rather than having the nomination handed to him by running unopposed in the primary.

The incumbents who lost were Gov. John Reynolds in 1964, Acting Gov. Martin Schreiber in 1978, Sen. Gaylord Nelson in 1980, Gov. Anthony Earl in 1986, Sen. Robert Kasten Jr. in 1992 and Gov. Scott McCallum in 2002.

The winners were Warren P. Knowles, who beat businessman Milo Knutson in the 1964 GOP gubernatorial primary; Lee Dreyfus, who upset then-Congressman Kasten in the 1978 GOP primary for governor; Kasten, who beat businessmen Terry Kohler and Doug Coffrin in the GOP Senate primary in 1980;

Tommy Thompson, who beat then-Dane County Executive Jonathan Barry and businessman George Watts in the 1986 Republican gubernatorial contest; then-State Sen. Russ Feingold, who destroyed then-Congressman Jim Moody and businessman Joe Checota in the 1992 Democratic Senate primary; and then-State Attorney General Jim Doyle, who beat then-Congressman Tom Barrett and Dane County Executive Kathleen Falk in the 2002 Democratic primary for governor.

You have to go back to 1962 to find an incumbent U.S. senator, Republican Alexander Wiley, losing to a challenger, Gaylord Nelson, who did not first have to face a primary. But Nelson was the incumbent governor and chose to seek a senate seat that year rather than run for re-election.

In 1958, Nelson, then a state senator, also ousted incumbent Republican Gov. Vernon Thomson without first winning a contested Democratic primary.

**So why does winning a contested primary seem to help the out-party candidate so much?**

- A contested primary focuses media and voter attention on those primary candidates for months, while the unopposed incumbent gets no such attention. The press rule is, no contest, no election coverage.
- The incumbent can't attack his opponent during the long primary season because he doesn't know who his opponent is until after the September election. Meanwhile, the primary candidates are free to criticize the incumbent for months and months without any return fire.
- The general election electorate, which is much bigger than the primary electorate, gives great credence to a primary victory. They know that it is a real win, not just a lead in an election-year poll.

Winners of contested statewide primaries invariably see their poll numbers rise—the phenomenon variously described as a “boost” or a “bounce”—and usually find their fund-raising increases in the wake of the primary victory as well.

On the other hand, while winning a contested primary has proved to be a necessary condition for defeating an incumbent in Wisconsin during the past 45 years, it has not by itself been a sufficient condition.

There have been occasions when the out party held a hotly contested primary only to lose in November. To cite the most recent instance, businessman Tim Michels defeated then-State Sen. Bob Welch, businessman

Russ Darrow and a fourth candidate for the GOP nomination for the senate in a hotly contested primary in 2004, but Michels went on to lose to Feingold in the general election.

So what’s the downside to having a contested primary?

Party leaders see three big ones. One is money, which they see as being wasted in a primary when it could be hoarded and directed against the incumbent in the general election. The second is that a rancorous primary could besmirch the ultimate winner. The third is that party activists can become alienated and won’t unite behind the primary winner.

The counter-argument is that the money isn’t wasted at all, because a primary builds name

recognition for the winner and advances the case that the incumbent should be booted. Whatever negatives that attach to the primary winner are thought to be strongly outweighed by the aura of victory.

**One little-discussed reason that party leaders**

oppose contested primaries is that it diminishes their ability to influence the selection of the party nominee.

Sometimes these party leaders are not so much interested in having their party nominee knock off the incumbent as they are in having the specific candidate they support win the nomination.

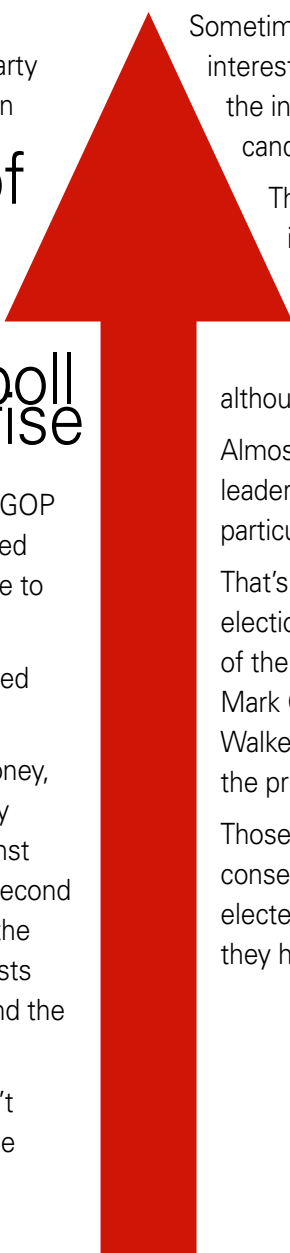
They really don’t care if their party wins in November—that is, that the primary candidate whom they haven’t backed goes on to beat the incumbent. In fact, they sometimes strongly oppose that outcome, although they won’t say so.

Almost by definition, they are not really “party” leaders as much as they are supporters of a particular candidate.

That’s what happened in the last gubernatorial election, when the pro-business Milwaukee wing of the GOP leadership backed then-Congressman Mark Green of Appleton over the Milwaukeean Walker, forcing Walker to drop his candidacy before the primary campaign even began.

Those “party leaders” did not trust the populist conservative Walker. They did not want him elected. It is not at all apparent at this point that they have changed their minds. ■

Winners of contested statewide primaries invariably see their poll numbers rise

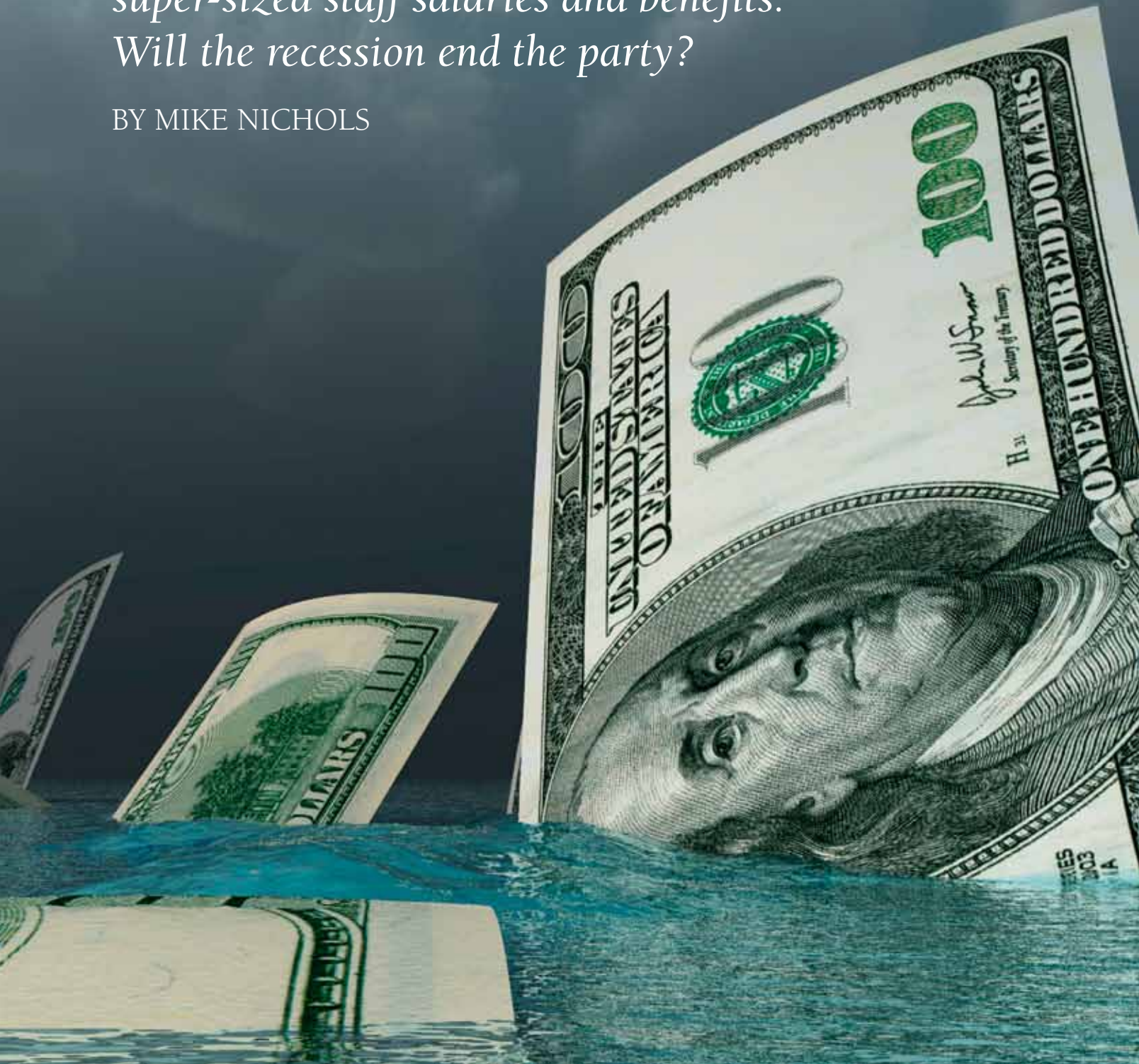




# MATC's reality moment

*Last fall, the tech board happily endorsed  
super-sized staff salaries and benefits.  
Will the recession end the party?*

BY MIKE NICHOLS



*Casually convening in their boardroom late on the afternoon of Thursday, Sept. 18, 2008, the Milwaukee Area Technical College board appeared blissfully unconcerned with all that was amiss in the outside world.*

Earlier that week, Lehman Brothers had stunned Wall Street by declaring the biggest bankruptcy in U.S. history; then the federal government had bailed out insurance behemoth AIG and engineered a fire sale of Merrill Lynch. The stock market was gyrating wildly.

MATC budget officials had known since spring that the economy was deteriorating. Now, it was imploding. Credit markets were seizing up. Pension funds were plummeting.

Many Americans were both flummoxed and fearful—but not the MATC board as it gathered at 4:30 p.m. for one of the most important meetings in years. And one that would last less than four minutes.

Board chair Lauren Baker sat at the head of the table. Darnell Cole, the MATC president who had repeatedly butted heads with the powerful employee unions, sat stoically to her left. She quickly took roll and announced the sole topic: new, two-year labor contracts.

There was an enormous amount at stake that afternoon. MATC has a budget of well over \$300 million and employs more than 2,000 people. Salaries, wages and fringe benefits constitute by far the biggest chunk of the school's spending—and were already eye-poppingly generous.

Consider salaries: In the fiscal year that ended June 30, 2008, the average full-time teacher at MATC had total earnings of \$98,204, according to an analysis performed by the college at the request of Wisconsin Interest. That is tens of thousands of dollars more than most full-time faculty members could earn at other technical or two-year colleges in Wisconsin.

Support staff earned an average of \$54,041, while full-time managers and administrators were earning an average of \$94,681—far less than the teachers they supervise. The reason? MATC teachers can add \$40,000, \$50,000—even \$60,000—to their base salaries by working more than “full-time” hours.

In fiscal year 2008, 249 of 580 full-time MATC faculty members made more than \$100,000, according to college salary data. Twenty-nine made more than \$130,000, and one earned \$153,174.

MATC employees also have an impressive pension plan. The school pays the entire pension contribution, and most MATC employees have to work only 600 hours a year to qualify. Faculty members, like other teachers in Wisconsin, have it even better. They need only work 440 hours per year to qualify. And they also get a nice

additional perk: MATC faculty can retire with an unreduced pension at age 55 if they've taught for 10 years.

The Cole administration did negotiate some health insurance cost-saving measures in recent years, including co-pays, higher deductibles and some premium-sharing. Still, MATC employees—who only have to work 20 hours a week or carry a 50% teaching load to qualify—enjoy a Cadillac plan.

Members of Local 212, which includes teachers and professional staff, pay just \$55 to \$65 per month for family coverage in the two main plans. (One plan has a \$500 annual deductible, the other no deductible at all.)

For many retired employees, the district also pays half-cost of a Medicare supplemental policy right up until death—an unusual perk that is immensely expensive, almost completely

unfunded and ever-growing. MATC budget documents indicate that tab is approaching \$300 million.

**In short, the MATC board had good reason to think twice about those labor contracts. And no urgent reason to act that day at all.** The existing contracts didn't expire for another nine months, until June 2009, and there was a long list of cost issues that deserved closer scrutiny.

Just one example: By longstanding agreement, “full-time” teachers at the college are given 15 days of sick leave per year that can be used for everything from “required attendance at a court proceeding,” to closing on a home, to responding to a tax summons, to attending a child's graduation. Unused sick days, up to 48 of them, can be cashed in after retirement and used to pay for health insurance.

Still, the agenda that afternoon indicated that

## MATC Board members



**Lauren Baker**  
*chair*  
*(general member)*  
*program coordinator,*  
*Milwaukee Public*  
*Schools*



**Robert Davis**  
*vice chair*  
*(general member)*  
*president,*  
*Zoological Society of*  
*Milwaukee*



**Fred Royal Jr.**  
*secretary*  
*(employee member)*  
*employment*  
*specialist,*  
*Milwaukee HIRE*  
*Center*



**Peter Earle**  
*treasurer*  
*(employer member)*  
*attorney*



the college hadn't just reached a new deal early. It hadn't really reached a new deal at all. Despite the increasing economic turmoil, board members simply agreed to extend the existing 2006-2009 agreements to June 30, 2011, including two years of pay increases.

After Baker finished taking the roll, the school's general counsel, Janice Falkenberg, remarked on just one thing: salaries. Local 587—the AFSCME union that includes public safety, clerical and food workers—was being given 3.5% annual increases for two years. Local 715—the broadcast union representing public television workers—was getting 3.25% annually. So were nonrepresented employees.

Local 212 members—full-time and part-time teachers, counselors, outreach specialists, school nurses and the professional staff in three different bargaining units—were being given 3.25% annual raises for two years.

It took Falkenberg 50 seconds give her synopsis. Baker then wound all the contracts into one resolution. Board member Fred Royal Jr.—an employment specialist at the Hire Center who has also been a union leader at the shuttered Delphi automotive plant—immediately made a motion to approve.

MATC board member Ann Wilson, one of two board members who had called in over a speaker phone, offered a second and—still less than three minutes into the meeting—Baker asked if there was any discussion on the motion.

The response? Complete silence. Not a single question or comment.

**Others have plenty to say.**

State auditors report that both salaries and fringe benefits at MATC—which rose 85% at the school between 2001 and 2009—have



**Bobbie Webber**  
*(employee member)*  
president,  
Milwaukee Fire  
Fighters Association



**Ann Wilson**  
*(employer member)*  
manager,  
Hillside Family  
Resource Center



**Melanie Holmes**  
*(general member)*  
vice president,  
Manpower Inc.



**Thomas Michalski**  
*(elected official member)*  
Oak Creek alder  
mechanic,  
Rockwell  
Automation



**Richard Monroe**  
*(school administrator member)*  
superintendent,  
Nicolet Union High  
School District

traditionally been far higher than at other technical schools.

And according to MATC itself, fringe benefits by the summer of 2008 had already risen to \$30,827 per employee. That means total annual salary and benefit costs for an average full-time faculty member were already averaging \$129,000 per year.

Since state aid and grants have essentially remained frozen, property taxpayers have been forced to directly foot much of that personnel bill.

The board has raised MATC's property tax levy 57% since 2001, and tax rates were already far higher than in most other districts. Indeed they were 66% higher than in the neighboring

Waukesha County Technical Institute district. That translated to hundreds of dollars in extra taxes for many MATC taxpayers—enough, in the weeks prior to that September board meeting, to prompt some residents to try to secede.

None of that was mentioned. After quickly glancing at the other four board members present, and getting no response to her question, Baker didn't bother asking individual members for a "Yes" or "No" on the new contracts. She just called for a collective voice vote. It wasn't, after all, like much dissent was likely.

**In fiscal year 2008,  
249 of 580 full-time  
MATC faculty members  
made more than  
\$100,000.**

Jeannette Bell, the former Democratic state legislator and ex-MATC board member, was the sole dissenting vote when the board approved the three-year 2006-2009 contracts back in 2007. She felt they were too generous and that she hadn't been given enough information.

"The union," Bell told *Wisconsin Interest*, "has never really taken it on the chin for much of anything."

Asked why, she said, "because of the people who are appointed [to the MATC board]. If you

really want to know, look at the appointment process and who makes the appointments."

In addition to Baker and Royal Jr., there were three other board members present at that meeting last September:

Melanie Holmes, a vice president at Manpower; Thomas Michalski, a Rockwell machine repair mechanic who has also served as his plant's chief union steward and bargaining team member; and Peter Earle, an attorney.

In addition to Wilson, one other member had called in and was listening over a phone line: Bobbie Webber, president of the Milwaukee Firefighters Association. The only other member of the board at the time, Robert Davis, president of the Zoological Society, had not shown up.

How they got there is unusual. Complicated, too.



The MATC board is appointed by a committee of 21 representatives of local school districts who, based on state law, must select two “employers,” two “employees,” a school district administrator and an elected official.

There are also vague geographic requirements and—in a twist that is unique—at least three of the nine MATC board members must be minorities. At least three must be female and at least three male.

The race and gender requirements are strictly adhered to, according to Greg Grambow. A



Franklin resident, Grambow is both the president of Du-Well Grinding and a former chief operating officer for a managed dental care plan—in other words, somebody with insight into several of the board’s biggest challenges.

He applied for a board position earlier this year because he saw an opportunity to both “help shape Milwaukee’s youth” and understand employer needs.

For all his interest in serving, he says he was told the Appointment Committee couldn’t even consider him.

## Cole’s attorney sees ‘sweetheart’ deal with unions.



**Dr. Darnell Cole**  
Former MATC president

*Ex-MATC President Darnell Cole sat in his attorney’s office in downtown Milwaukee and—three months after being fired by the board—let Frank Gimbel do the talking.*

*“The union and the board had a sweetheart relationship, and Dr. Cole [and the union] had a traditional relationship,” said Gimbel, who has filed a federal lawsuit against MATC on Cole’s behalf. “That is, he demanded accountability” from MATC employees.*

*Cole’s approach, said Gimbel, “created a backroom friction with the board.”*

*Don’t tell MATC Board President Lauren Baker that. She insists that Cole was fired solely for driving under the influence. She points out that Cole—who had been president of MATC since 2001 and made \$223,000—was given a contract extension just last summer.*

*Still, Cole’s conflict with the unions is well documented. They collided over benefits early in his tenure, and board members were publicly critical of the rancor. Acrimony with the union “appears to be a substantial factor” in the firing, Gimbel asserted.*

*The lawyer added that Cole had no “animus against organized labor” but felt an obligation to the community and the student body as well to rein in costs.*

*Michael Rosen, president of Local 212, says the union supported Cole’s firing, but played no role in it.*

*Just where the truth lies—barring an out-of-court settlement between Cole and the school he spent over seven years running—will now be determined in the federal courthouse in Milwaukee.*

—M.N.

Sitting in his office inside his small plant on Milwaukee’s Greenfield Avenue, Grambow said Falkenberg told him he didn’t even need to show up at a hearing of the committee in March because of “the mix of people applying” for the board and the fact he did not fit the criteria—a comment he took as a reference to race and gender requirements.

“I read this as a businessperson,” he said, motioning toward a binder that laid out the appointment process, “and I think this is guaranteed failure.”

A member of the Tool, Die & Machining Association of Wisconsin, Grambow says he has had four or five colleagues approach him and say, “Are you kidding? Did this really happen?”

Yes, he says. But, he adds, they are mad about bigger issues as well. “Everybody is pretty pissed because we have lots of people paying lots of taxes and trying hard to work with MATC,” said Grambow. “I think they are pissed about the broad issue that [MATC] is not delivering anything for what has been put in.”

“Nobody from MATC is coming out and saying, ‘How can we help you? What can we do?’ Their focus is not on manufacturing.”

Falkenberg challenges Grambow’s recollection.

She says she never told him he shouldn’t go to the appointment meeting, only that because of the scarcity of female candidates “his opportunity...to be considered would be minimal.”

And “it was a gender issue only,” she says. “It had nothing to do with race.”

**Grambow wasn’t the only one passed over** that day. So was Mary Isbister—president

and owner of General MetalWorks Corp. in Mequon. She also applied for a board “employer” position.

Curiously, the two employer seats on the board are occupied by non-businesspeople,

including Earle, a sole practitioner who specializes in civil rights and employment law. His recent cases include a suit widely viewed as anti-business—an unsuccessful attempt to sue paint manufacturers for lead-poisoning damages.

The other employer spot on the board is held by Wilson, who was up for reappointment when Grambow and Isbister unsuccessfully sought a seat. Wilson manages the city of Milwaukee’s Family Resource Center at the Hillside public housing complex and would not seem, by any conventional definition, to be an employer. Still, the appointment board gave her another term.

Tim Sheehy, president of the Metropolitan Milwaukee Association of Commerce (he also

**“The union,” Bell told Wisconsin Interest, “has never really taken it on the chin for much of anything.”**

serves on the board that publishes this magazine) says MATC might as well hang up a sign that says: “Business leaders need not apply.”

The community has “no employer, let alone a manufacturer, on that board,” he said. “It’s a joke, and it’s a recipe for missing the boat.”

Wilson displays limited patience for such issues.

“You have employers on the board,” she said. “I don’t know what they want.”

“The people on the board do it for free,” she said. “They are committed and work hard.... I take vacation time to do that stuff and for anybody, Tim Sheehy and the rest of them, who think it should be another way, shame on them.”

Sheehy was blunt about why he thinks the process excludes business leaders. “I think it is purely an issue of the MATC teachers union,” he said. The union is fearful “that somebody outside their sphere of control will get on that board,” he said.

“I am not picking on them,” said Sheehy. “It’s what unions do, protect their wages and benefits.” But he’d like to see a tightening of who qualifies as an “employer.”

**Others would go further. They want the**

current system abolished altogether. Two former board members, Elliott Moeser and Joe Rice—respectively, a Glendale alderman and a Milwaukee County supervisor—are among those pushing for an elected board.

“When you are separated from the voters, I don’t think you act the same way as when you have to face the people,” said Moeser.

Rice said the current board members are recruited by “vested interests,” who he defines as “current employees and certainly representatives of organized labor groups.”

**MATC teachers can add \$40,000, \$50,000, even \$60,000 to their base salaries by working extra hours.**

Michael Rosen, president of Local 212, responds that his union plays “no role in the selection process,” except to answer questions from board candidates and to later educate them after they are appointed.

Charlie Dee, the union’s executive vice president, charges that it is Sheehy who “wants somebody on the board he can personally control,” and argues the businesses do have influence through the many advisory committees at the college.

“The board certainly has not been a pushover, not in the 22 years I have been here,” Rosen insisted. He points out that the union and the

board went through a year-and-a-half battle on the 2006-2009 contract, which wasn't approved until 2007.

In truth, Cole seemed more willing to take on the union than the board did. (See the sidebar on page 35.) When the time came to start thinking about the next contract, it's clear the board shied away from another fight. Royal says the board initiated the idea of the 2009-2011 contract extension on the premise that it "would bring some unity" between labor and the Cole administration.

"Any organization works best when there is unity," said Royal.

Other board members, in the meantime, defend everything from the contracts to the finances and job placement success of the college.

And Baker, for her part, suggests the board has been financially responsible. She points out that the college's spending per full-time-equivalent student is about average for the state. She also notes that MATC has a strong bond rating, healthy financial reserves and balanced

budgets—points she made before it was learned in early May that MATC faced a budget deficit of \$19 million for fiscal year 2010.

That gap has been closed thanks largely to a union concession. In exchange for giving up

one year of salary and wage increases in the 2009-2011 contract, the unions received a board guarantee that there would be no layoffs for two years.

At a meeting in late May, before voting on the preliminary 2010 budget of

\$357 million, board members repeatedly congratulated everybody, including one another, on addressing that deficit. Earle was particularly effusive, praising "the wonderful job that has

been accomplished here" and using the word "phenomenal" to describe the budget fix.

A closer look at the budget is not so reassuring.

**If that preliminary** fiscal year 2010 budget is adopted, the total tax

burden on district residents would remain about the same as this year. Because property values are shrinking, however, the tax rate will grow.

**The district is carrying nearly \$300 million in almost completely unfunded retiree health benefits.**



The owner of a home that remains assessed at \$100,000 would pay \$384 in fiscal year 2010, \$16 more than this year and an increase of more than 4%.

The labor contracts—with the exception of the one-year salary give-back—are still basically intact, and the college is about to be hit with a significant increase in required contributions to a weakened state pension fund.

Salary increases, in the meantime, will kick in again in mid-2010 when full-time teachers could, on average and by teaching additional courses, easily be earning more than \$100,000 per year.

And downright worrisome: Health care costs are expected to increase another 10% in the coming year and, under the preliminary budget, the board will set aside almost nothing to offset that huge, unfunded nearly \$300 million liability for retiree health benefits.

Board members, for all that, express no regret about that meeting last September. Earle says he doesn't think "anybody could have reasonably predicted" what has happened with the economy. Rosen, for his part, says nobody back then was predicting the biggest economic collapse since the Great Depression.

As for board chair Baker, she denies that the board has acted cavalierly, saying members had discussed the terms of the contract in closed sessions.

A look back at the meeting allows observers to decide for themselves how much due diligence

the board displayed.

The voice vote that afternoon passed unanimously without a word from board members other than a collective "Aye." After the vote, Earle finally spoke up.

"Is that the first time we have had no dissenting votes on a labor contract?" he asked.

There was a little bit of laughter and everyone seemed amused—with the exception of Cole, who would be fired five months later after being cited for driving under the influence.

"We'll send our historical research team on that one, [and have them] report back," Baker quipped.

"I have another question: Is this the first time you have had a three-minute board meeting?" asked Holmes.

"Well, I did say I want this in my batting average," replied Baker. "I want this factored in."

"Well," replied Holmes, "your average is coming way down."

"Yeah, yeah," said Baker, "I want this factored in."

Wilson, on the speaker phone, moved adjournment and—exactly three minutes and 34 seconds after the meeting had been called to order—it was over. ■

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- Union and tech school reps challenge WI's salary figures
- Liberal arts classes criticized for undercutting tech mission
- Union leader Michael Rosen delivers for his members

And listen to a podcast of the entire MATC board meeting that lasted less than four minutes.





# Party

Photograph by James Mueller

ON THE FRONTLINES OF REFORM  
WITH WRITER SUNNY SCHUBERT

# of one.

Conservative Democrat  
Bob Ziegelbauer scores a  
breakthrough on health  
care, but finds few allies.



Most days state Rep. Bob Ziegelbauer (D-Manitowoc) finds himself shunned by fellow Democrats and treated like a freak of nature by Republicans.

Which is just fine by him.

“I guess I don’t feel a real affinity for either group,” says the 57-year-old lawmaker. “I’m carving out my own spot, my own little island—but there’s a nice little breeze on my island,” he adds with a laugh.

But he will not abandon his independent stance, which admirers call “principled” and detractors dismiss as “his way or the highway.”

This spring, he infuriated his fellow Dems again by announcing he would not support an early version of the state budget. He cited the combination of tax and fee increases, plus an anti-business change in the state liability law (since dropped), as reasons he could not sign on. He made some headlines but “It’s just show business,” he says with a sigh.

“I’m gonna be on the losing end of a close vote—big deal,” he says.

What makes the shunning of Bob Ziegelbauer a particular shame is that he’s one of the smartest and most innovative public servants in the state. Credit his upbringing and his schooling, but also his unique perspective on government: He’s not

## Party of one

only Manitowoc County's state representative, he's also its county executive.

Shortly after he was elected county exec in 2006, Ziegelbauer took the bold step of asking county employees to work with him to rein in health insurance costs.

"It was 2006, and I could tell that our costs were going to double by 2010. We had to do something," he says. Manitowoc County simply couldn't afford to pay \$19,500 per employee in insurance premiums for its 600 workers.

First, he tried to get them to join the state health care pool.

"Negotiating with public employee unions is like this," he says, and theatrically folds his arms across his chest. "The process has a lot of 'You can't make me' built into it."

Thwarted on that front, which would have required all the county's unions to sign on, Ziegelbauer next explored another route: a high-deductible plan that offered workers mostly the same doctors, clinics and hospitals, but cost \$7,000 apiece less.

He was able to offer employees a plan that eliminated a \$200 drug co-pay, offered free check-ups and bonuses for healthy activities and upped lifetime coverage from \$2 million to \$5 million. Then he sweetened the deal with a \$3,000 contribution to each worker's health savings account—an amount equal to the plan's \$3,000 deductible.

The bottom line: Each county employee would save more than \$4,000, while the county saved another \$2,600.

And to Ziegelbauer, the real beauty of the plan was that he didn't need the unions' permission—he could just offer it to the workers. Eventually, most jumped for it.

"Our people, our county workers—they're good people. We shouldn't sell 'em short," he says.

His biggest disappointment is that more units of government, from cities to school districts, haven't tried the same innovative approach to cut health care expenses.

**Ziegelbauer was born and raised on the south side** of Manitowoc. A high achiever, he graduated from Notre Dame and attended the University of Chicago Law School before earning an MBA at Pennsylvania's famed Wharton School of Business.

And then, he says, "I moved back to Manitowoc and proceeded to goof around for a couple of years."

Well, not quite. His father owned a couple of bars (this was in the mid-'70s, when 18-year-olds could still legally drink beer) that were hopping joints on weekends. Young Bob spent several years tending bar and booking musical acts, then opened his own business: a music store called Doctor Freud's Institute of Fine Recordings.

"I knew nothing about the music business—I wasn't even that into music. It was really dumb. But I was working weekends, and it seemed like I just had the whole week with nothing to do."

The music store cured that. Between his father's bars and his own store, Ziegelbauer found himself working seven days a week—and developing an appreciation for the plight of working families and small business owners.

"Honestly, the store was open for two or three years before I could even afford to pay myself \$1 an hour. But I learned a lot, and a couple of years later, it took off like a rocket." Ziegelbauer has since sold the store to a former employee, and is proud to note that it is still in business.

**Ziegelbauer lost his first race in 1980, but in 1981,** just shy of 30, he was elected to the Manitowoc City

Council. He served three years, while simultaneously acting as the city's finance director, a five-year experience that still informs his votes on state issues likely to affect municipal money matters. Meanwhile, in 1982, he was also elected to the Manitowoc County Board, where he served until 1988. Four years later, he made the jump to the Assembly.

A modest and self-effacing man, Ziegelbauer is quick to poke fun at himself. Of his not inconsiderable academic achievements, he shrugs: "I was a professional student. I just kept going to school."

### *He describes himself as 'a Manitowoc County Democrat rather than a Dane County Democrat.'*

He calls himself a "boring, introverted guy" and says "I'm not clever enough" to engage in a lot of politicking. "I just go straight ahead."

He has no wife and no children; his home is a modest two-bedroom house he bought ages ago, which is two blocks from the Manitowoc County Courthouse.

There, his Manitowoc County executive's office is tucked in a corner of the basement. He has no secretary, no receptionist, and answers the phone himself. County department heads come in and out, while visitors sit on the basement steps while waiting their turn.

When my turn comes, I ask Ziegelbauer why he doesn't cross the aisle and join the Republicans, with whom he often votes. "I just don't feel like a Republican," he says, and you can hear the squirm in his voice as he tries to explain.

"I feel an affinity for working people, for trying to give the little guy a fair shot," Ziegelbauer says. "I'm not comfortable in a country-club environment."

He describes himself as "a Manitowoc County Democrat rather than a Dane County Democrat. There's a huge difference. My ideology reflects the people I grew up with, the people of northeast Wisconsin.

"The Democratic Party has taken a giant step ideologically to the left," he continues. "There's no doubt about it: Those who have taken over the party have a fairly left-wing point of view. I'm a Kennedy Democrat—that's different than today's Democratic Party."

As for his fellow Democrats at the Capitol, Ziegelbauer says he wishes they would quit imagining that the state's taxpayers are a bottomless pot of money. He also faults Gov. Jim Doyle and party leaders for not realizing that when they layer new taxes and fees onto "Big Business," it is customers and wage-earners who pay the freight.

Ziegelbauer leans back in his chair, shoves his glasses up onto his forehead, rubs the bridge of his nose as he squints as if trying to see the future.

"There are no easy answers in governing anymore," he says. "It's all blocking and tackling, not throwing 99-yard touchdown passes."

He says he is not bothered by the ire of fellow Democrats when he votes against them, but he is disappointed in the increasing level of partisanship.

"It's so bitter these days, and the impact is, it works to deter good people from entering politics."

So Ziegelbauer sits in his chosen seat in the back row of the Assembly chambers, and casts his lonely votes, eager for the moment, he says, when he can jump in his car, turn on sports radio, and enjoy the two-hour drive back to Manitowoc. ■





## *How should conservatives respond to a hostile liberal takeover?*

**BY RICHARD ESENBERG**

In 1964, historian Richard Hofstadter described what he called the “the paranoid style” in American politics—an affliction most often associated with the right. It consisted, in his view, of “angry minds” indulged in “heated exaggeration, suspiciousness, and conspiratorial fantasy.” The politically paranoid believe themselves to be faced with “totally evil and totally unappeasable” opponents who must “be totally eliminated.”

Hofstadter conceded that the paranoia he thought he could see was not limited to the right, and perhaps he can be excused from the assumption that it is conservatives who most often demonize the other. No one had heard of the netroots. Michael Moore was 10 years old. Howard Dean was still prepping at St. George’s.

“Heated exaggeration” and the tendency to see the other side as “totally evil” can also be found on the port side of our politics. Recently, noted neurophysiologist and actress Janeane Garafolo advanced the theory that conservatism is a product of an excessively large limbic brain. To be a conservative, says the star of *Reality Bites*, is to be a dick. Charming.

Of course, no one—at least outside of Minnesota—ought to confuse a comedian with a political leader, but this is a taste that runs deep among our friends on the left. In Wisconsin, State Reps. Mark Pocan (D-Madison) and Pedro Colon (D-Milwaukee) warned that concerns about same-sex marriage and unenforced immigration laws are nothing more than an appeal to the “Bubba” vote.

I am not sure who “the Bubbas” are, but I understand that I should not want to be one.

On a national level, a loosely worded report from the Department of Homeland Security speculated, although there was no evidence, that right-wing “extremists” (described as groups who are “antigovernment” or “dedicated to a single issue, such as opposition to abortion or immigration”) could be planning violence. Who knows? They should be watched.

As the recent murder of abortionist George Tiller demonstrates, any lunatic may believe his crime is in service of a higher cause. But the report’s sweeping suspicion of “conservatives” is indistinguishable from a claim that “Muslims” could be planning violence. Yet Homeland

Security Secretary Janet Napolitano felt free to defend the report.

This type of overt vilification (and the more common subtle cultural marginalization) flows from the fact that our chattering classes and beautiful people are not conservatives and don't know any conservatives. They can't imagine why anyone who went to a top-shelf school or has been on the money side of a rope line would ever want to be one.

Indeed, in broad swaths of our common culture, there is a presumption that conservatives are just not cool. We can expect a fresh onslaught of this thinking. Conservatives are not in power, and Barack Obama, although given to wax pretty about unity and dialogue, is almost certainly to the left of any president since FDR.

Unity seems to mean universal recognition that he is right and a dialogue consists of a condescending "compassion" toward those who "cling to God and guns."

Political hyperventilation and a lack of civility are not limited to the left. But don't look for me to knock myself out in an effort at evenhandedness. When I sit down with the Sunday New York Times, it is Frank Rich, not David Brooks, who feels free to take snarky racial shots, calling the GOP a party led by "Pillsbury doughboys."

And for every novel or movie that affirms some traditional institution or value, there are 20 that adopt a "courageously" transgressive stance toward corporations (other than those in media or entertainment), organized religion and traditional families.

**My purpose here is to offer a few modest suggestions of**

how conservatives ought to respond. There are, I think, two traps to avoid.

The first is to become excessively insular. We can retreat into a world where everything is as it should be, and our present predicament is nothing more than rotten luck—poor marketing, a bad economy and the apostasy of the GOP Congress. This is how Democrats reacted to the election of Ronald Reagan. It did not go well.

The second would be to become overly apologetic and assimilate ourselves to what we think is the new Zeitgeist.

We would abandon our outmoded affinities for traditional values and, as Joe Biden put it, get with the "patriotic" program of high taxes and huge government.

But if conservatism stands for anything, it is for personal responsibility and the way in which the "subsidiary" institutions of our society—the family, the church, voluntary associations and the private sector—encourage and facilitate its

exercise. It is skeptical about grandiose designs to remake the world and wary of the perils of unintended consequences.

It is our burden to adhere to first principles while the ridicule of the cognoscenti is buttressed by electoral success. But we need to think about what they mean today. While conservatism in 2009 certainly can't resemble the liberalism of 1979 on offer from Obama and the Democrats, it is these underlying principles—and not their particular application in 1980—that are important.

No surrender, but no stagnation.

*Richard Esenberg, a visiting assistant professor of law at Marquette University, blogs at <http://www.sharkandshpherd.blogspot.com/>*



# The Closer

BY CHRISTIAN SCHNEIDER



## Bring on the stats nerds.

*State government needs a good dose of sabermetrics.*

“The Milwaukee Brewers’ Ryan Braun is the best young hitter in the major leagues.”

Utter such a sentiment among casual baseball fans, and you’re likely to get some nods of agreement. Braun, after all, had the second most home runs in baseball history after two seasons, ahead of legends like Joe DiMaggio, Ted Williams, and Babe Ruth.

Make a claim to Braun’s greatness over at the Baseball Prospectus website, however, and you may need to put on a helmet to absorb the punishment you’ll likely take.

You see, they’ve developed a statistic they call VORP (Value Over Replacement Player) that statistically measures a player’s value relative to an average player at their position. According to this formula, Braun currently ranks 12th in the National League, even behind his own teammate, Prince Fielder.

For the better part of a decade, the Internet has been swamped with rabid armies of statistics nerds who live to debunk common perceptions about the value of baseball players. These basement number-crunchers find poetry in statistical analyses, creating formulas with names like VORP, Win Shares, PECOTA, WHIP, and OPS to give the public a true representation of whether players are actually doing their jobs.

The irony, of course, is that these unpaid baseball stat wonks conduct these complex statistical analyses for an industry that merely serves as entertainment. Despite the very real pain Brewers fans felt over the team’s 26-year absence from the playoffs, baseball statistics don’t really mean anything in terms of how we live our lives.

And yet there are armies of statisticians, spending days on end working for free, analyzing the sport inside and out to give us an accurate look at what works and what doesn’t.

**Now, compare this to the world of things that actually do matter in our lives—say, government programs. Federal, state, and local governments vacuum money out of our wallets on a daily basis to pay for expensive pet programs—most of which never receive any meaningful performance review.**

Where is the army of stat dorks telling us, for instance, whether the billions of dollars taxpayers pump into agricultural subsidies actually do any good? Where is the hot new statistical

formula that gives us a more accurate look at whether the state paying billions of dollars for government employees’ retirement benefits actually aids the taxpayers who fund them? Does paying the teachers more money lead to a better educational experience for our kids?

All of these examples seem to be taken as gospel by Wisconsin politicians. But how do they know?

The answer is simple—they don’t want to know. They avoid hard statistical analysis like vampires avoid garlic.

**Politicians earn re-election by telling stories. Stories of how supposedly underfunded our education system is. Stories of how if one more butterfly gets the flu, our delicate ecosystem will collapse due to lack of environmental programs.**

Numbers, statistics, and serious research have no place in our Legislature, where re-election is priority number one. Unbiased facts just spoil the fairy tales our politicians tell us. For instance, explaining to legislators that raising the minimum wage actually increases unemployment would be like telling your kids the story of how Sleeping Beauty contracted cold sores from Prince Charming.

Of course, the Legislature employs the Audit Bureau, an impeccable service agency dedicated to rooting out fraud and waste in state government. But oftentimes, the LAB is directed to do studies ordered by the Legislature merely to make it look like elected officials are doing something about a problem.

**Where is the army of stat dorks telling us whether the billions pumped into farm subsidies actually do any good?**

When the Audit Bureau does release studies that make recommendations to better a state government program, they are almost always ignored, as if they were a pretty girl at a Star Trek convention.

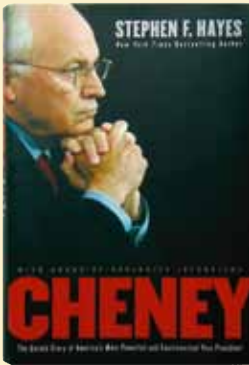
The underlying dynamic of state government isn’t helping people—it is simply maintaining its own inertia. Our governments exist to keep themselves alive and growing, and the less scrutiny they receive, the better their chances of doing so.

It’s as if government is an 18-wheeler, barreling down the road uncontrollably, with deep-rooted special interests at the wheel. Studies conducted by the likes of WPRI and the Legislative Audit Bureau can serve as a GPS navigation system for this out-of-control semi, steering it where it needs to go to truly benefit the people it purports to aid.

Until then, as if it were a baseball player with a low OPS, state government will continue to flail wildly at the plate, extending Wisconsin’s losing streak. Let’s just hope the stat nerds catch on before our fans all give up, relocate, and find a new team to cheer. ■

*Christian Schneider, a former legislative staffer, is a fellow at the Wisconsin Policy Research Institute. His blog can be read at WPRI.org.*

“Am I the evil genius in the corner that nobody ever sees come out of his hole?  
It’s a nice way to operate, actually.” — Vice President Dick Cheney



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