

Committee Name:
Senate Committee –
Judiciary, Corrections and Privacy
(SC–JCP)

Appointments

03hr_SC–JCP_Appt_pt00

Committee Hearings

03hr_SC–JCP_CH_pt00

Committee Reports

03hr_SC–JCP_CR_pt00

Clearinghouse Rules

03hr_SC–JCP_CRule_03–

Executive Sessions

03hr_SC–JCP_ES_pt00

Hearing Records

03hr_ab0000

03hr_sjr0076a_pt01

Misc.

03hr_SC–JCP_Misc_pt00

Record of Committee Proceedings

03hr_SC–JCP_RCP_pt00

RICHARD CORLEY: THE REP'S NEW RADICAL

Madison

NOVEMBER 2003 / \$3.50

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UW AT THE CROSSROADS
 BY CHANCELLOR JOHN D. WILEY

ALL TIME TOP 125 MADISONIANS WHO MADE A DIFFERENCE

HABITAT:
KITCHENS GO COMMERCIAL

MADISON BUSINESS:
BERBEE AND THE MODERN E-MARKETPLACE

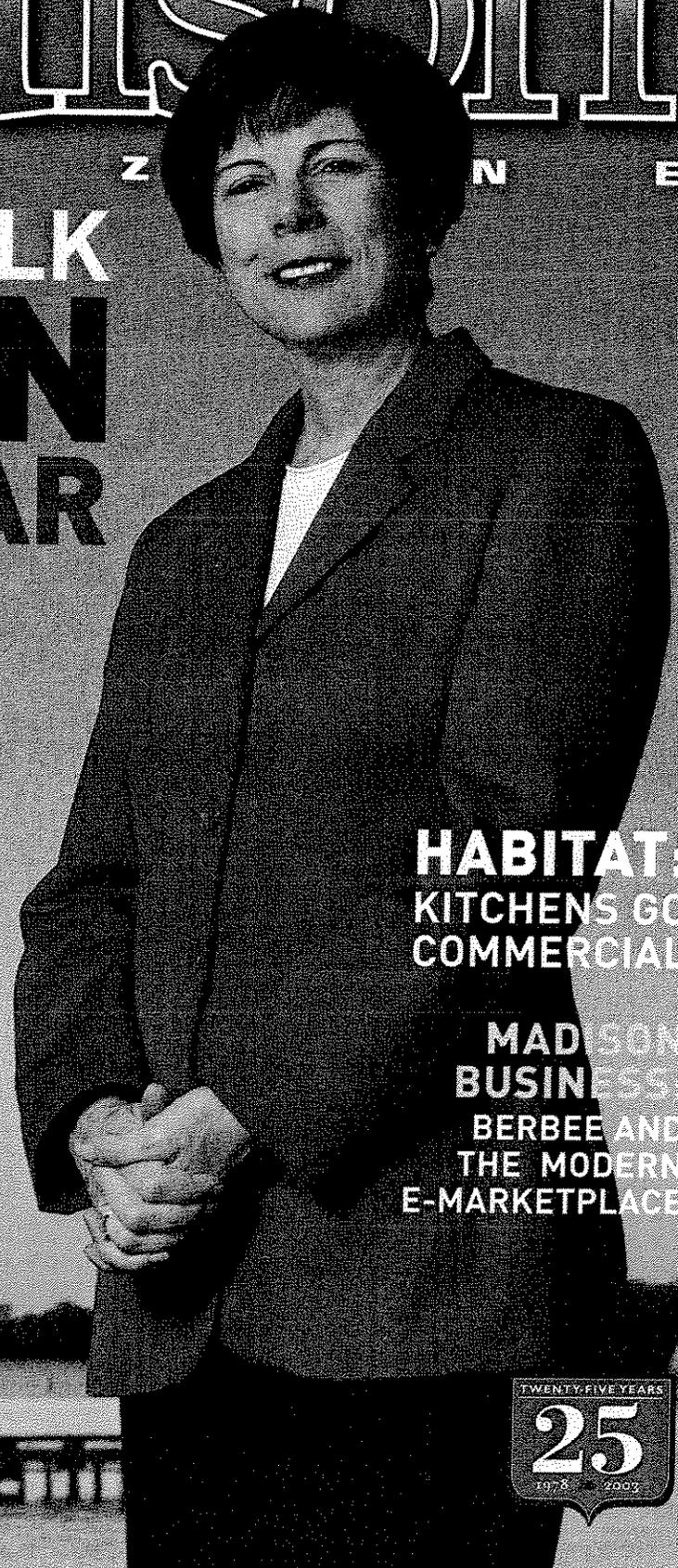


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SSR 76

SSR 76



FIGHT OR FLIGHT:
How do we keep our
children's education
from being stolen away?



SPECIAL REPORT:

Higher education at the crossroads

The issues demand a serious debate
over how to heal an ailing system

BY JOHN D. WILEY, UW-MADISON CHANCELLOR

I want to send a wake-up call to the citizens of Wisconsin regarding our economy and our educational system. The ailing economy poses a serious threat to our schools and colleges and unless we act now to protect funding for education, the state's future will be bleak.

More than a decade of state budget cuts and partially offsetting tuition increases have left the base operating budgets of Wisconsin's public higher education systems in the worst condition since the Great Depression. Access to, and affordability of, the university system are already endangered at precisely the time when the Wisconsin economy needs more high-paying jobs and a more highly educated workforce.

I obviously know the University of Wisconsin-Madison best, but my general arguments apply equally to the entire UW System and the Wisconsin Technical College System, as well. All Wisconsin citizens and all our elected officials need to understand that the path we've chosen for our post-secondary education system will not revive our economy – rather, it will take us in the direction of a third-world economy and permanent budget problems for the state. Unless that is the outcome we desire, we must make it a top priority to restore the

health of public higher education.

By almost every measure, the UW-Madison is entering the 21st century in admirable condition: Our retention and graduation rates are dramatically above the national averages, rivaling those of many elite private universities; the median time-to-degree is four years in our four-year programs and five years in our five; student and alumni satisfaction surveys give us consistently excellent marks; we are routinely among the top few universities in the nation for research volume and Ph.D. production; we have been named one of the top dozen universities in the effectiveness of our technology transfer and economic development activities. And the list goes on.

The state puts roughly \$400 million annually into UW-Madison, which leverages a \$1.8 billion budget that, in turn, has a \$4.7 billion impact on the state's economy. That's more than a 10:1 annual return on investment, and it doesn't even account for the impacts of our Research Park, Wisconsin Alumni Research Foundation licenses, the new jobs in our spinoff tech companies, aid to existing companies, and our annual production of about 9,000 new graduates at all levels.

That's the good news.

Here's the bad: A continued decline in state support could

bring it all crashing down. To understand why, it is helpful to see our situation in the larger context of American higher education.

The U.S. system of higher education consists of a large number of small, private institutions and a smaller number of much larger public institutions (see table on right). Public schools constitute only 41 percent of the total, but they enroll 77 percent of the students and educate them at about half the cost per student. Economies of scale are even more striking if you isolate the four-year institutions: 25 percent of the institutions enroll 65 percent of the students. Of the 100 largest post-secondary institutions in the country, 85 are public. There are good and simple reasons why there are so few large private institutions. The sources of base budget revenue – basically the budget for hiring faculty and staff – for public and private institutions are exactly the same: tuition, state support and endowment income. Surprisingly, both public and private institutions get about the same amount of revenue from tuition – about 18 percent for public and 24 percent for private. The big differences are in state government support and endowment income.

State funds average 31 percent of support at public universities and only 0.3 percent at private schools. Conversely, private endowments supplement private schools at about 31 percent and public schools at only 0.9 percent. In effect, state support at public institutions plays the same role as private donations at the private institutions: Taxpayers “buy a stake” in public higher education for the overall benefit of society. Nationwide, that stake is about \$221 per capita. At private schools, a small number of wealthy donors and those families able to pay the full “sticker price” tuition foot this portion of the bill.

With this in mind, let's look at trends in public higher education in recent years. Throughout the 1980s and 90s, Wisconsin and virtually every other state felt squeezed between competing public demands for more services and low taxes. Of all state agencies, post-secondary schools are the only institutions with easy-to-spot alternative revenue sources.

U.S. PUBLIC HIGHER EDUCATION

Public institutions make up 25 percent of all (public and private combined) 4-year schools and enroll 65 percent of the students.

Public institutions make up 64 percent of all 2-year schools, and enroll 96 percent of all students.

Combining all private and public 2- and 4-year institutions, public schools make up 41 percent of the total and enroll 77 percent of the students.

Source: Chronicle of Higher Education

Bluntly, these institutions can be – and have been – asked to offset state cuts by raising tuition. Frankly, it is easy for politicians to reason that everyone wins if we just reallocate some money from higher education to other badly needed public uses, such as K-12 education, prisons, health care and aid to local governments – and thus avoid tax increases. Public school tuition remains “cheap” compared to the private, so everyone apparently wins. That is exactly the path that has been followed, year after year, in Wisconsin and elsewhere.

In 2002, the national average advertised, or sticker price, tuition at private four-year colleges was \$16,287. How much revenue did that generate? The 3,308,460 students enrolled at private four-year colleges generated \$29.3 billion in tuition and fees, for an average of \$8,844 per student. This reflects, among other things, rather substantial tuition discounting. In contrast, the 6,055,398 students enrolled at public four-year colleges generated \$23.4 billion, for an average of \$3,861 per student – pretty close to the \$3,746 national average sticker price tuition at public institutions.

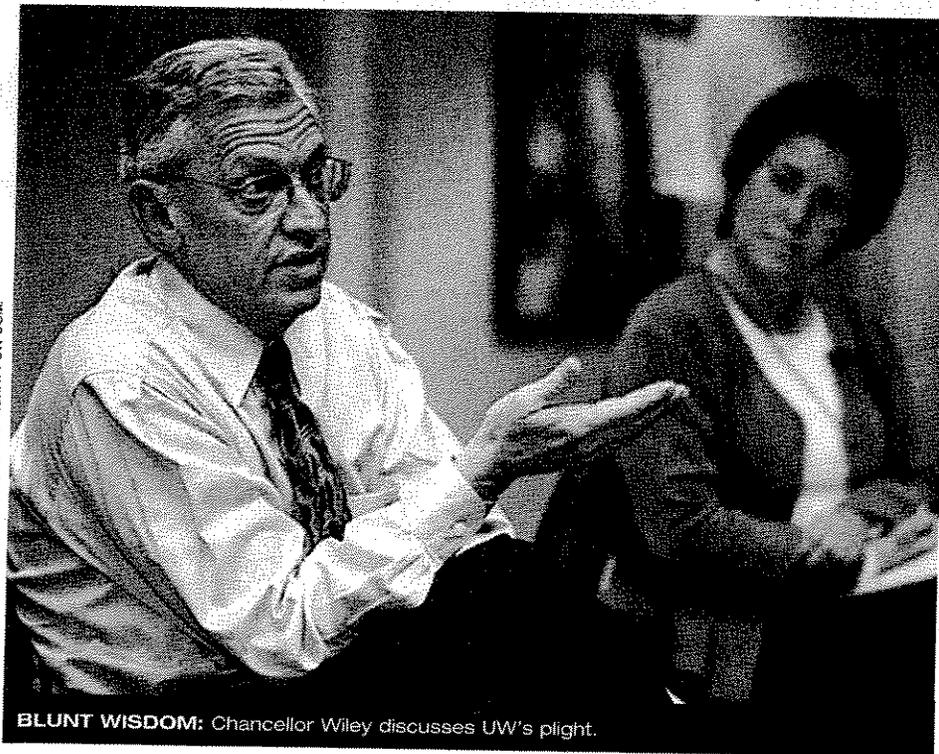
Over the past 30 years, UW-Madison has experienced a steady decline in the percentage of its overall budget supported by Wisconsin taxpayers. The taxpayer-funded portion of the budget has decreased from 43 percent in 1973 to just under 21 percent in 2003. Since the early 1990s, a series of mandated expenditure reductions to balance the state budget has accelerated the loss of public funding.

As a result, the taxpayer-funded portion of the budget had a net reduction of \$33.4 million from 1991 to 2003, when adjusted for fixed costs (e.g., wage adjustments approved by the Legislature, increased utilities costs).

Without explicitly thinking of it in these terms, state officials have been pushing all public higher education in the direction of the private school model, which means a reliance on high tuition and high financial aid for all students. The message is this: Instead of supporting higher education by taxing all 280 million citizens about \$220 each annually, let's ask 10 percent of them to provide \$2,200 a year, or 1 percent of them to pony up \$22,000 a year.

This has become an accepted philosophy and ad hoc public policy without any debate, though I know of no legislature or public forum that has concluded and recommended that this massive shift in the finances of higher education is good for the state or the

continued on page 5



BLUNT WISDOM: Chancellor Wiley discusses UW's plight.

WHY AREN'T ALARM BELLS SOUNDING?

The public perception that budget woes won't really affect the university is just plain wrong.

BY DONALD KETTL

A few months ago, a state legislator bluntly told me that the university wasn't making out so badly in the budget battle. "When you put together all the different sources of funds, you've made out better than anyone else," he said. "In fact, I bet no one loses a job because of these cuts."

There's an overpowering sense among state policy makers that the university has had it pretty good, that the cuts haven't really gone that deep, and that the arguments by university administrators are nothing more than efforts to duck their share of a tough budget situation.



Don Kettl

The facts speak otherwise. With just 9 percent of the state budget, the university took 38 percent of the cuts. University employees in fact are losing their jobs. Over the last decade, state support for the university has been flat while the cost of living has shot up. In fact, the UW-Madison campus now gets more money from the federal government than it does from the state.

While no one ever framed a long-term plan to disinvest in the state's university system, that's precisely what has happened.

Policy makers have faced huge demands from medical assistance, the state commitment to fund two-thirds of the cost of local schools, and the expansion of the state prison system. That left budgeters scrambling to make cuts where they could. For a decade the university system has proven the biggest and most irresistible target. To outsiders the cuts haven't seemed to hurt. The university still gets high rankings. Students still get a great education. University officials proudly (and rightly) note the system's contributions to the state's economy.

Since good things keep happening, even in the face of budget cuts, why not keep slashing away to feed the insatiable parts of the state budget? The state's four economic summits have sounded the alarm bell loud and clear. We're losing jobs and lagging behind our neighbors.

HAVE YOUR CORN AND EAT IT, TOO

Early settlers instinctively understood how dangerous a plan this would be. They knew that if they ate their seed corn, they wouldn't have any kernels to plant in the spring. Even if they only nibbled away at it, a little at a time, they

The economic climate has turned sharply competitive and such tough competition will sternly punish the laggards.

risked running out just when they needed it most. And they knew there was nothing worse than losing their crops just as neighbors were bringing in a bountiful harvest.

Unfortunately, that's just what Wisconsin and some other states are doing. According to a recent survey, the nation is dividing down the middle: 25 states are cutting higher education budgets, and 20 are not. The 20 states that are not cutting are poised to sprint ahead in what's sure to be the race that shapes the 21st-century economy.

Plugging short-term budget cuts by making long-term reductions in state universities is the public policy equivalent of eating our seed corn. What could we do to catch up and keep up? Connecticut's "21st Century UConn" initiative offers a model. In 1995, Connecticut governor John G. Rowland championed a major initiative to build the state's economy by strengthening the state's university through investment in campus buildings across the state. The state committed to a \$1.2 billion long-term plan to give university officials a predictable base on which to improve undergraduate education, to serve more students and to make the university more effective in serving the state's economy.

The university officials, in return, pledged to make regular reports on the university's results. It was a bargain in which the state promised support and the university promised performance. The quid pro quo established the foundation for what UConn officials champion as "an unprecedented transformation."

Minnesota humorist Garrison Keillor captures the sense that many Badgers have about their higher education system: a mythical place where everything is above average. But a self-satisfied Lake Wobegon approach to higher education, coupled with a steady bleeding of the university budget to feed other state programs, is surely a prescription for economic decline.

The economic climate has turned sharply competitive and such tough competition will sternly punish the laggards. Many states, like Connecticut, are determined to forge ahead. Some, like Wisconsin, have assumed they could coast – that they could disinvest in higher education without waking up one spring morning to discover the seed corn was gone.

It's a lot easier and cheaper to stay on top than to build back. Other states would die to have our UW System, while we're dismantling ours. If we don't soon wake up, we'll discover the tables have turned.

If we want to grow the state's economy, if we want to create the opportunities that will make a career in Wisconsin the kind of thing our best and brightest dream about, we need our elected officials to lead. We need a plan like Connecticut's that sees investment in higher education – a pact that trades predictable support for performance – as the cornerstone of investment in the future.

Donald Kettl is a UW-Madison political science and public affairs professor.

nation. Rather, the shift is occurring incrementally in small, expedient budget decisions that manage to get us through one more year. It cannot continue, mainly because the private school model simply

“The median family income in Wisconsin is a little over \$45,000 per year.”

cannot be scaled up to the extent required. The numbers don't work.

Let me use a concrete local example. UW-Madison could “privatize,” giving up all state support, if – and only if – it had an unrestricted endowment of about \$8 billion, and raised tuition to more than \$20,000 per year. In our 150-year existence, we have accumulated endowments of just \$2 billion, and virtually all of these funds are restricted by donors. Funds donated for scholarships, for example, may not be used to hire additional instructors or build buildings. Less than 0.1 percent – about \$10 million – is unrestricted, and this provides only about \$500,000 annually in a total budget of \$1.8 billion. Madison is the only public school in Wisconsin that has any significant endowment at all.

On a national level, replacing taxpayer support would require about \$1.3 trillion in increased endowments. Compare that to a current total of about \$200 billion, which includes all the private schools. That will simply not happen within our lifetimes, and probably ever. There is simply not enough concentrated (and willing) wealth.

This stark reality is already diminishing the health of higher education, and it is something in which every citizen has a huge stake. Access and affordability are not just issues for a few potential students and their families. These are issues on which the entire economy will either thrive or decline.

Simple math confirms it. Now, the public invests a little more than \$392 billion annually – \$1,393 per capita, or about \$8,000 per pupil – to provide tuition-free education through grade 12. Multiplying \$8,000 times 13 years of K-12 education shows that we invest about \$100,000 to produce a high school graduate.

A glance back at the table on page 59 shows that average people who enter the workforce with only a high school education are not likely to repay in state and local taxes the cost of their diploma. It is only at the bachelor's degree level and above that the public can expect to regain their investment from tax revenues. Let me quickly add that Wisconsin workers are renowned for their work ethic, and many high school graduates obtain apprenticeship training or other skills that enable them to beat these odds. Similarly, some college graduates will fall far short of the earnings detailed in the chart. Still, the overall economy consists of the accumulation of those averages, so the above conclusions are important for the economy as a whole.

Some fifty years ago, taxpayers and lawmakers alike seemed to understand this simple math. They wisely invested in a massive expansion of public higher education and provided affordable access to millions through the GI bill, low tuition, and abundant scholarship support to those who needed it. Those decisions created the engine that powered the state and national economies for the entire second half of the 20th century. The vast majority of you who are reading this article benefited personally from that affordable access, as did society at large. Why, then, would we even consider withdrawing it from our children and their children? But that's just what we're doing.

Federal scholarships have all but disappeared, replaced by loans. More than three-quarters of students now work for pay during the school year when they should be studying – and they work more hours every year. More than half of all college graduates now face student loan debts ranging, on average, from \$15,000 at the bachelor's level to

more than \$100,000 for veterinary, law and medical school graduates. The prospect of starting a career with large debt is now driving students away from jobs with only “average” lifetime earning potential, including teaching, nursing, family practice, rural medicine or law, and large-animal veterinary practice.

And this is only the beginning.

The median family income in Wisconsin is a little over \$45,000 per year. For this year's new freshmen at UW-Madison, it is nearly \$90,000 per year. Yet, the distribution of brains, talents, ambition and creativity is independent of family income. We will ignore that fact and freeze out the children of average- and low-income families at our great peril. No society is rich enough to waste any of these assets.

Now, let me put this in the context of the ailing Wisconsin economy and the role of universities in our recovery. It is helpful to compare the recent trajectories of Wisconsin and Minnesota, two states more alike than different. Indeed, in 1980 the two were similar in population, and both states had per capita incomes very close to the national average. By 2001, the U.S. had grown 26 percent in population, while Wisconsin grew only 15 percent and slipped from 16th to 18th nationally. Minnesota also lagged the national population growth rate but, at 22 percent, held on at 21st.

In terms of economic performance, however, a dramatic and ominous difference opened up. By 2001, the U.S. per capita income grew to \$30,271,

MEAN EARNINGS BY HIGHEST DEGREE (US)¹

Highest Degree	Mean Earnings	Approx years in school / working ²	Expected lifetime earnings ³
No HS diploma	\$16,121	11 / 50	\$806,050
HS diploma	\$24,572	13 / 48	\$1,179,456
Some college	\$26,958	14 / 47	\$1,267,026
Associate Degree	\$32,152	15 / 46	\$1,478,992
Bachelor's degree	\$45,678	17 / 44	\$2,009,832
Master's degree	\$55,641	19 / 42	\$2,336,922
Doctoral degree	\$86,843	22 / 39	\$3,386,877
Professional degree	\$100,987	22 / 39	\$3,938,493

¹ Statistical Abstract of the United States, 122nd Edition, 2002

² Assuming retirement at age 65

³ Constant 2001 dollars. Totals and differentials will be larger to the extent there is real growth

while Wisconsin and Minnesota achieved only \$28,911 and \$32,791, respectively. Wisconsin had dropped \$1,360 below the national average, and a whopping \$3,880 below its sister state to the west. Had Wisconsin simply matched the performance of Minnesota over the last 20 years, we would have an additional \$20 billion in our economy. As a consequence, Minnesota has now become our “aspirational model.”

What are they doing that we're not? More important, what are they doing that we should be doing? This question is best answered by economists, but the only practical way to increase per capita income is to generate and fill more high-income jobs. Looking back at the table on 59, that clearly means we need more jobs that require post-secondary education. We hear a lot about "brain drain," as if simply keeping all graduates in Wisconsin would solve the problem. But there is no way to keep college graduates here without the jobs they want and need. That said, Wisconsin actually does quite well in retaining its own graduates. Where we fail is attracting those from other states. Without a doubt, the jobs must come first.

During the budget debates last year, legislators and others wondered out loud

capita. Are the UW system and technical college systems too big? Too expensive? The evidence doesn't support that. At least a bigger, more expensive system hasn't seemed to hamper Minnesota, and maybe it has helped. Incidentally, Minnesota also has more private schools than we do (62 vs. 38), and both states have 5.6 percent of their populations in post-secondary education.

Minnesota provides more per capita support for public education at all levels than does Wisconsin. If Wisconsin had kept pace with Minnesota, public higher education here would have received an additional \$321 million in 2001 (\$59 more per capita). Instead, by 2003 Wisconsin had further reduced its per capita support, dropping us even further behind Minnesota and well below the national average. In a knowledge economy, this is the path to ruin.

Far from having too much, the facts point to the need for more higher education. Does anyone doubt that a knowledge-based economy will need more educated workers, or that there is an increasing need for retraining and lifelong learning in the workforce? As for the sorts of jobs these workers will do, they are precisely the kind UW-Madison has been creating for years. We are the largest high-tech employer in the state (including more than 8,300 on-campus jobs on a payroll other than state funds or tuition), and we are by far the largest importer of people with advanced degrees. Beyond that, we can now count more than 220 high-tech companies that owe their existence to work that started in our laboratories. In the University Research Park alone we have 107 companies employing more than 4,000 at an average income of \$60,000 per year, and we have a long queue of entrepreneurs and new business ideas. As both the

venture capital and public markets improve, they will be heading out the door, and we will replicate the Research Park many times over. This is exactly the kind of growth the state needs.

Every institution in the UW System has the potential to stimulate the local, regional and state economies in similar ways at various scales. In the last biennium, the system submitted an "economic stimulus package" of budget initiatives aimed at revving up the state economy. Although favorably received, they could not be (or

"Everything we do is built on a base of state support plus tuition."

were not) funded. The UW system stands ready to roll up its sleeves and implement these plans, but we cannot do it without resources, and we cannot do it in a climate of repeated deep cuts and retrenchments.

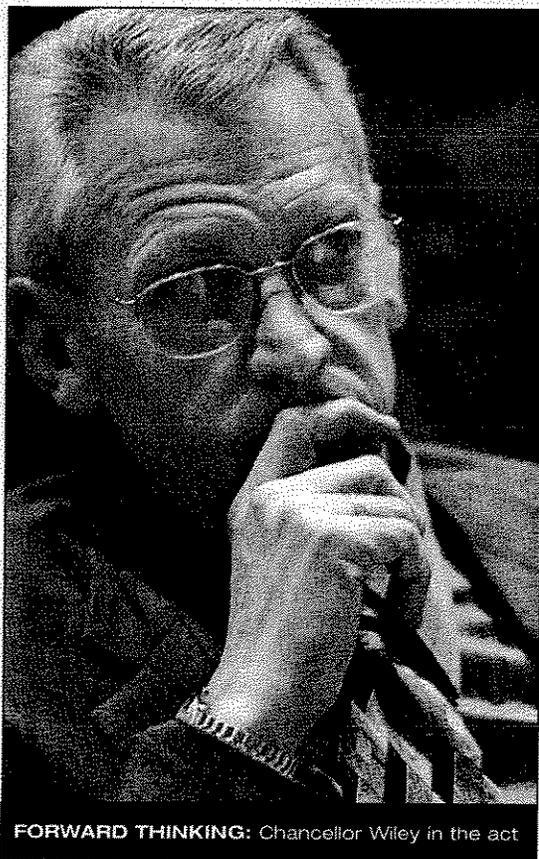
Everything we do is built on a base of state support plus tuition. That base budget leverages and makes everything else possible. I have argued that we cannot continue to decrease state support and increase tuition. That means we need to find ways to rebuild the state support component. It is time for the state to rededicate itself to the concept of public higher education.

This issue has been on my mind for several years, generating an increasing sense of urgency, so it would be surprising if I didn't have some thoughts about possible solutions and strategic directions. But rather than presenting them here, I prefer to end with a challenge to Wisconsin citizens, businesses, and elected officials to join in a public dialogue about our future.

The Wisconsin state motto is "Forward." Historically, that has been a very apt motto, as we have frequently led the nation in governmental and public sector reforms and innovations. It is, indeed, time to move forward, but we need to do so in a thoughtful way. Combining the words "forward" and "thinking" is so symbolically compelling for Wisconsin's flagship university that we have recently adopted it as a tagline for some of our publications and literature.

I hope I have stimulated some badly needed public debate that will allow Wisconsin not only to rebuild its vibrant economy, but also return to its position of public leadership in that new economy.

John D. Wiley, Ph.D., has been UW-Madison chancellor since 2001.



FORWARD THINKING: Chancellor Wiley in the act

whether Wisconsin simply has "too much higher education" – too many institutions, or those that are too expensive. Perhaps, they said, we could and should save money by closing a few campuses. Well, Wisconsin has a total of 31 public institutions, reasonably distributed around the state, serving about 250,000 students at a cost to state taxpayers of about \$224 per capita. Minnesota, in contrast, has 52 public institutions serving about 219,000 students at a cost of about \$283 per



Whitewater Unified School District

Leslie M. Steinhaus, Ed.D., District Administrator

419 South Elizabeth Street, Whitewater, Wisconsin 53190
VOICE: 262/472-8700 Fax: 262/472-8710

May 18, 2004

The Honorable Judith Robson
The State Senate
PO Box 7882
Madison, WI 53707-7882

Dear Senator Robson:

As a follow-up and in support of an earlier e-mail to you, the Whitewater Unified School District Board approved the enclosed TABOR Resolution on May 17. We heard today a "Son of TABOR" may be under consideration. Little is known about the impact of this on public schools, and we would urge you again to consider the long-term implications for PK-12 education, have a full public debate, and understand it will hinder local decision-making based on the changing needs of our community.

On behalf of the Whitewater Unified School District Board, thank you for your time and attention to this serious issue.

Sincerely,

Leslie M. Steinhaus
District Administrator

Enclosure

**WHITEWATER UNIFIED SCHOOL DISTRICT
TABOR RESOLUTION**

WHEREAS, the Wisconsin State Legislature has proposed a constitutional amendment to permanently limit state and local government taxing and spending in Wisconsin; and

WHEREAS, Wisconsin has a long tradition of providing high quality public education; and

WHEREAS, the proposed constitutional amendment would undermine the authority of elected officials, diminish local decision-making, and hinder the ability of school boards to address the changing needs of Wisconsin public school students; and

WHEREAS, Wisconsin public schools are already subject to strict state revenue controls which have not kept pace with school district expenses and have contributed to the loss of educational programs and staff; and

WHEREAS, Wisconsin public schools are subject to state and federal accountability measures designed to ensure student achievement, and adequate resources are needed to fulfill those expectations; and

WHEREAS, the proposed constitutional amendment has the potential to drastically reduce the amount of resources available to Wisconsin public schools; and

WHEREAS, the state Constitution is not the proper place to address taxing and spending issues that are the Legislature's prerogative; and

WHEREAS, any proposed constitutional amendment deserves a full public debate;

NOW, THEREFORE, BE IT RESOLVED that the School Board of the Whitewater Unified School District calls upon Representative Debi Towns, Representative Stephen Nass, Senator Judith Robson, and Senator Neal Kedzie, along with their fellow legislators and Governor Jim Doyle, to oppose any proposal to permanently limit, in the Constitution, government taxing and spending in Wisconsin.

**Approved by the Whitewater Unified School District School Board
May 17, 2004**

Educational Services Center
Superintendent/Public Information Offices



527 S. Franklin St. • Janesville, WI 53545
(608) 743-5000 • FAX (608) 743-5110

Education is our investment in the future.

June 4, 2004

Senator Judith Robson
P. O. Box 7882
Madison WI 53707-7882

Dear Senator Robson:

Please find enclosed a resolution opposing TABOR which was passed (unanimously) by the Joint Legislative Committee of the School District of Janesville on June 2, 2004. Please call with questions. Thank you for your service and attention to our concern.

Very truly yours,

A handwritten signature in cursive script that reads "Tom".

Thomas Evert
Superintendent

TE:dlw

Cc: Mrs. Virginia Wyss
Mr. David Parr
Mr. John Eyster

Enc.



Education is our investment in the future.

Joint Legislative Committee

Taxpayers' Bill of Rights (TABOR) Resolution

WHEREAS, Wisconsin legislators are considering a constitutional amendment to permanently limit state and local government taxing and spending in Wisconsin; and

WHEREAS, Wisconsin has a long tradition of providing high quality public education; and

WHEREAS, Wisconsin public schools are already subject to strict state revenue controls which have not kept pace with school district expenses and have contributed to the loss of educational programs and staff; and

WHEREAS, Wisconsin public schools are subject to state and federal accountability measures designed to ensure student achievement and adequate resources are needed to fulfill those expectations; and

WHEREAS, the proposed constitutional amendment has the potential to drastically reduce the amount of resources available to Wisconsin public schools; and

WHEREAS, the proposed constitutional amendment would undermine the authority of elected officials, diminish the role of citizens in the local decision-making process, and hinder the ability of school boards to address the changing needs of Wisconsin public school students;

NOW, THEREFORE, BE IT RESOLVED that the Joint Legislative Committee of the School District of Janesville calls upon Representative Debi Towns (43rd Assembly District), Representative Wayne Wood (44th Assembly District), Representative Dan Schooff (45th Assembly District) and Senator Judy Robson (15th Senate District), along with their fellow legislators and Governor Jim Doyle, to oppose any proposal which would set taxing and spending public policy in the Wisconsin Constitution. Noting the need for flexibility in taxing and spending public policy, we urge that such policy needs to be set in state law through cooperation between the legislators and the governor.

Approved the 2nd day of June, 2004


Virginia Wyss
Co-Chair, Joint Legislative Committee
Member, Janesville Board of Education


David Parr
Co-Chair, Joint Legislative Committee
President, Janesville Education Association

Evansville Community School District
Resolution of the Board of Education
Opposing the "Taxpayer Bill of Rights"

WHEREAS, the Wisconsin state Legislature is contemplating a constitutional amendment to permanently limit state and local government taxing and spending in Wisconsin; and

WHEREAS, Wisconsin has a long tradition of providing high quality public education; and

WHEREAS, the Evansville Community School District is already subject to strict state revenue controls which have not kept pace with school district expenses and have contributed to the loss of the middle school at-risk program, elementary band program, needed technology, library media staff and custodial staff; and

WHEREAS, the Evansville Community School District is subject to state and federal accountability measures designed to ensure student achievement, and adequate resources are needed to fulfill those expectations; and

WHEREAS, the proposed constitutional amendment has the potential to drastically reduce the amount of resources available to the Evansville Community School District; and

WHEREAS, the proposed constitutional amendment would hinder efforts to correct the inequities in the current school funding system; and

WHEREAS, the proposed constitutional amendment would undermine the authority of elected officials, diminish the role of citizens in the local decision-making process, and hinder the ability of school boards to address the changing needs of Evansville Community School District students;

NOW, THEREFORE, BE IT RESOLVED that the Evansville Community School District Board of Education calls upon Representative Towns, our new representative to the 80th assembly district, Senator Erpenbach, Senator Robson, and Governor Doyle to oppose any proposal to permanently limit government taxing and spending in Wisconsin.

Passed this 14th day of June, 2004
Evansville Board of Education:

Mike Larson, Timothy Rooney, Todd Campbell, Jeff Conn, Arthur Phillips, and
John Willoughby

ROCK COUNTY, WISCONSIN



Board of Supervisors
51 South Main Street
Janesville, Wisconsin 53545
Phone: 608/757-5510
Web Site: www.co.rock.wi.us

July 26, 2004
Legislative Release

ROCK COUNTY BOARD OPPOSES TABOR

On May 27, 2004, the Rock County Board of Supervisors voted 19-4 in opposition to amending the Wisconsin State Constitution to implement a Taxpayers Bill of Rights (TABOR).

We strongly urge the Wisconsin Legislature NOT to rush forward with a vote on TABOR before first allowing for public hearings, committee votes and public input – checks and balances that serve as the foundation of good and accountable government.

- **What's the proposal?** While some members of the Senate seek to push for a vote on TABOR this week, their current version of the proposal is not yet even available to the public for review.
- **What's the rush? A Constitutional Amendment deserves public hearing and public input.** TABOR is one of the most controversial and far-reaching proposals advanced in the Legislature. Why would the Legislature avoid public hearings, committee votes and public input on this proposal—one that will have significant impact on Wisconsin's citizens today and every Wisconsin generation from this day forward?
- **Controversial budget and fiscal policy should not be placed in the State Constitution.** A Constitutional Amendment binds the hands of our elected officials and undermines their ability to perform mandated responsibilities. Placing strict budget formulas in the Constitution does not allow for government to react to changing circumstances or inherent flaws in the formula.
- **Mandate Relief provisions that have been proposed in TABOR are basically useless to Counties.** For example, current unfunded mandates are the single greatest force driving the property tax, but are not addressed by TABOR. The State must be required to fully fund its current and future mandates. (Remember that in 1990, 70% of the voting public supported an advisory referendum that the Wisconsin Constitution should be amended to "require the state to fully fund any program, service or benefit it requires the local government to provide.")
- **TABOR has included exemptions for special interest groups** that have benefited State government at the expense of counties and other local governments.
- **TABOR undermines America's 230 year history of relying on representative democracy.** The citizens of Wisconsin elect representatives to study the issues and make informed, but tough decisions on government services and spending. TABOR would take away local control and discretionary powers that the local elected officials have with respect to their budgets and programs.

RESOLUTION NO. 04-5B-027

AGENDA NO. 12.G.(1)

RESOLUTION
ROCK COUNTY BOARD OF SUPERVISORS

County Board Staff Committee
INITIATED BY

Phil Bourwell, ASST. to Co. Admin.
DRAFTED BY

County Board Staff Committee
SUBMITTED BY



May 20, 2004
DATE DRAFTED

TITLE

IN OPPOSITION TO AMENDING THE STATE CONSTITUTION
TO IMPLEMENT THE "TAXPAYER BILL OF RIGHTS" (TABOR)

- 1 WHEREAS, Assembly Substitute Amendment to 2003 Assembly Joint Resolution 55 was introduced in the
- 2 Wisconsin State Assembly and is a constitutional amendment called the Taxpayer Bill of Rights or TABOR;
- 3 and,
- 4
- 5 WHEREAS, Assembly Substitute Amendment to 2003 Assembly Joint Resolution 55 would place into the
- 6 Wisconsin Constitution a formula limiting annual increases in spending each year for all levels of government
- 7 in Wisconsin, including counties, to the change in the Consumer Price Index, plus varying factors depending on
- 8 the municipality; and,
- 9
- 10 WHEREAS, the mandate relief provisions included as part of TABOR are basically useless to counties
- 11 because current unfunded mandates are not addressed and they are the single greatest force driving the property
- 12 tax; and,
- 13
- 14 WHEREAS, the strict spending and revenue controls placed on counties by TABOR would take away local
- 15 control and discretionary power that the local elected officials have with respect to their budgets and programs;
- 16 and,
- 17
- 18 WHEREAS, placing strict formulas in the Constitution does not allow for government to react to changing
- 19 circumstances or inherent flaws in the formula.
- 20
- 21 NOW, THEREFORE, BE IT RESOLVED, that the Rock County Board of Supervisors duly assembled this
- 22 day of , 2004 opposes legislative initiatives to place fiscal policy in the State Constitution and
- 23 strongly urges the Rock County Legislative Delegation to do the same; and,
- 24
- 25 BE IT FURTHER RESOLVED, that any proposed changes to the Wisconsin Constitution which address
- 26 government spending must also include language to "require the state to fully fund any present or future
- 27 program, service or benefit it requires local government to provide."
- 28
- 29 BE IT FINALLY RESOLVED, that the Rock County Clerk be directed to send copies of this resolution to the
- 30 Rock County Delegation and the Wisconsin Counties Association.

04-5B-027

Respectfully submitted,

COUNTY BOARD STAFF COMMITTEE

Richard K. Ott, Chair

Ronald L. King

J. Russell Podzinski, Vice Chair

Mary Mawhinney

Betsy Jo Bussie

Jacquelin J. Wood

Neil W. Deupree

Kurtis L. Yankee

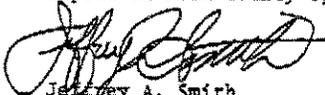
Sandra Hart

**IN OPPOSITION TO AMENDING THE STATE CONSTITUTION
TO IMPLEMENT THE "TAXPAYER BILL OF RIGHTS" (TABOR)**

12.G.(2)

FISCAL NOTE:

This resolution addresses a legislative policy issue and has no direct fiscal impact on Rock County operations in and by itself.



Jeffrey A. Smith
Finance Director

LEGAL NOTE:

The County Board is authorized to take this action pursuant to sec. 59.51, Wis. Stats.



Thomas A. Schroeder
Corporation Counsel

ADMINISTRATIVE NOTE:

Recommended.



Craig Knudson
County Administrator

**Assembly Substitute Amendment #1, Assembly Joint Resolution 55
also known as "The Taxpayer Bill of Rights"**

What is it?

A constitutional amendment to limit taxing and spending of all levels of government in Wisconsin. In order for it to become law, it must pass two consecutive legislative sessions and must pass a statewide binding referendum.

How would it apply to counties?

It limits the annual percentage change in fiscal year spending to a CPI inflation factor plus the percentage change in net new construction and improvements. Excess revenues over expenditures are placed in a budget stabilization fund until the balance of the fund equals at least 5% of fiscal year estimated spending. Voters must give approval through referendum permission to exceed the spending limit. Voter approval through referendum would also apply to all bonding with limited exceptions. Any new tax, increasing a tax rate, or extending an expiring tax would require voter approval by referendum. Should the budget stabilization fund balance exceed 10% of fiscal year spending, the county would be required to reduce revenues to reflect the excess amount over permitted expenditures.

What are some of the problems we see with the provisions called for in TABOR?

The spending limits set for counties have little to do with the cost of services we provide.

- The cost of providing many public services tends to rise faster than CPI defined inflation.
- Imposition of those limits removes the local control elected officials exercise over their budgets.

The Mandate Relief provisions are included as part of TABOR, but they are basically useless to counties.

- Current unfunded mandates are not addressed and this is the single greatest force driving the property tax.
- If the State merely freezes a state payment for providing this service like it has done with BCA for 10 years, County property taxes will continue to have to pay for both the state and the county share of the cost increases.
- Does not take into account new out-of-home placements of the mentally ill, developmentally disabled, or children under existing mandates.
- State is exempting spending from TABOR for prisoners at state prisons (note: state corrections budget over \$1b and fastest growing part of state budget) and residents at state institutions.
 - Why not exempt county jails from TABOR spending limits?

- Why not exempt county mandated placements in HSD/DD settings, or other county institutional settings such as JDC or Nursing Home?
- The little mandate relief in the bill is for new laws. Local government does not have to comply if new costs are not covered by the state, but exemptions include:
 - Any costs resulting from a law creating a crime or changing the definition of a crime or establishing sentences for conviction (can still pass "get tough on crime" laws and give the bill to the county)
 - New programs or increased level of service required by the federal government, which allow the state to pass federal mandates to local governments at local costs (i.e. HIPPA, stormwater regulations, and nursing home regulations).

TABOR creates a "Budget Stabilization Fund" for all levels of government, but the one that does not have a "rainy day" fund is the state.

- The requirements are complex, confusing and not well defined.
- May require that the county actually decrease the current undesignated, unreserved general fund balance.

TABOR would place the requirement on the county to seek advance voter approval to authorize bonding with limited exception (e.g. refi, self-funded E.D. projects).

- The county would be required to take an project requiring bonding to voter referendum where the additional debt service would result in the county exceeding its spending limit.

Other observations:

The country has 230 years of history of relying on a representative democracy. We elect people to study the issues and make informed, but tough decisions for us.

TABOR separates the Legislature from the responsibility for the limits in spending with the decrease in services.

If spending limits are placed on counties through a constitutional amendment, then the amendment should also include language that would require the state to fully fund its mandates. (Note: In 1990, 70% of the voting public supported an advisory referendum that the Wisconsin Constitution should be amended to "require the state to fully fund any program service or benefit it requires local government to provide".)



STATE SENATOR DAVE ZIEN

ASSISTANT MAJORITY LEADER

CHAIRPERSON

COMMITTEE ON JUDICIARY, CORRECTIONS AND PRIVACY

VICE CHAIRPERSON

COMMITTEE ON HOMELAND SECURITY, VETERANS AND MILITARY AFFAIRS AND GOVERNMENT REFORM

MEMBER

COMMITTEE ON SENATE ORGANIZATION

COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES

COMMITTEE ON LABOR, SMALL BUSINESS DEVELOPMENT AND CONSUMER AFFAIRS

SENTENCING COMMISSION

COUNCIL ON TOURISM

JUDICIAL COUNCIL

MEMORANDUM

TO: Members, Senate Committee on Judiciary, Corrections & Privacy

FR: Senator Dave Zien, Chair, Senate Committee on Judiciary, Corrections & Privacy

DT: July 27, 2004

RE: SJR 76 CORRECTED BALLOT

The correct motion is ADOPTION. This ballot reflects that change. Please discard the last ballot that incorrectly stated the motion "INTRODUCTION AND ADOPTION".

Sorry for the confusion.

Senator Dave Zien





STATE SENATOR DAVE ZIEN

ASSISTANT MAJORITY LEADER

CHAIRPERSON

COMMITTEE ON JUDICIARY, CORRECTIONS AND PRIVACY

VICE CHAIRPERSON

COMMITTEE ON HOMELAND SECURITY, VETERANS AND MILITARY AFFAIRS AND GOVERNMENT REFORM

MEMBER

COMMITTEE ON SENATE ORGANIZATION

COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES

COMMITTEE ON LABOR, SMALL BUSINESS DEVELOPMENT AND CONSUMER AFFAIRS

SENTENCING COMMISSION

COUNCIL ON TOURISM

JUDICIAL COUNCIL

MEMORANDUM

TO: Senator Cathy Stepp, Member, Senate Committee on Judiciary,
Corrections & Privacy

FR: Senator Dave Zien, Chair, Senate Committee on Judiciary, Corrections
& Privacy

DT: July 27, 2004 (hand delivered)

RE: Paper Ballot (1 page) **CORRECTED BALLOT**

Please consider the following item and vote on the motion below. Return this ballot to Senator Dave Zien, Room 15 South, no later than 7:30am Wednesday, July 28, 2004. Committee members' ballots not received by the deadline will be marked as not voting.

Senate Joint Resolution 76

To create section 11 of article VIII of the constitution; **relating to:** limiting spending by the state and certain local governmental units and requiring elector approval to exceed the limits (first consideration).

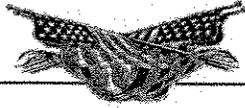
- Moved by Senator Zien that SENATE JOINT RESOLUTION 76 be recommended for ADOPTION:

Aye No

Signature _____


Senator Cathy Stepp





STATE SENATOR DAVE ZIEN

ASSISTANT MAJORITY LEADER

CHAIRPERSON
 COMMITTEE ON JUDICIARY, CORRECTIONS AND PRIVACY
 VICE CHAIRPERSON
 COMMITTEE ON HOMELAND SECURITY, VETERANS AND MILITARY AFFAIRS AND GOVERNMENT REFORM
 MEMBER
 COMMITTEE ON SENATE ORGANIZATION
 COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES
 COMMITTEE ON LABOR, SMALL BUSINESS DEVELOPMENT AND CONSUMER AFFAIRS
 SENTENCING COMMISSION
 COUNCIL ON TOURISM
 JUDICIAL COUNCIL

MEMORANDUM

TO: Senator Scott Fitzgerald, Member, Senate Committee on Judiciary, Corrections & Privacy

FR: Senator Dave Zien, Chair, Senate Committee on Judiciary, Corrections & Privacy

DT: July 27, 2004 (hand delivered)

RE: Paper Ballot (1 page) **CORRECTED BALLOT**

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Senate Joint Resolution 76

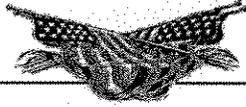
To create section 11 of article VIII of the constitution; **relating to:** limiting spending by the state and certain local governmental units and requiring elector approval to exceed the limits (first consideration).

- Moved by Senator Zien that SENATE JOINT RESOLUTION 76 be recommended for ADOPTION:

Aye X No _____

Signature Scott Fitzgerald
 Senator Scott Fitzgerald





STATE SENATOR DAVE ZIEN

ASSISTANT MAJORITY LEADER

CHAIRPERSON
 COMMITTEE ON JUDICIARY, CORRECTIONS AND PRIVACY
 VICE CHAIRPERSON
 COMMITTEE ON HOMELAND SECURITY, VETERANS AND MILITARY AFFAIRS AND GOVERNMENT REFORM
 MEMBER
 COMMITTEE ON SENATE ORGANIZATION
 COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES
 COMMITTEE ON LABOR, SMALL BUSINESS DEVELOPMENT AND CONSUMER AFFAIRS
 SENTENCING COMMISSION
 COUNCIL ON TOURISM
 JUDICIAL COUNCIL

MEMORANDUM

TO: Senator Fred Risser, Member, Senate Committee on Judiciary, Corrections & Privacy

FR: Senator Dave Zien, Chair, Senate Committee on Judiciary, Corrections & Privacy

DT: July 27, 2004 (hand delivered)

RE: Paper Ballot (1 page) **CORRECTED BALLOT**

Please consider the following item and vote on the motion below. Return this ballot to Senator Dave Zien, Room 15 South, no later than 7:30am Wednesday, July 28, 2004. Committee members' ballots not received by the deadline will be marked as not voting.

Senate Joint Resolution 76

To create section 11 of article VIII of the constitution; **relating to:** limiting spending by the state and certain local governmental units and requiring elector approval to exceed the limits (first consideration).

- Moved by Senator Zien that SENATE JOINT RESOLUTION 76 be recommended for ADOPTION:

Aye _____ No X

Signature Senator Fred Risser / et
 Senator Fred Risser





STATE SENATOR DAVE ZIEN

ASSISTANT MAJORITY LEADER

CHAIRPERSON

COMMITTEE ON JUDICIARY, CORRECTIONS AND PRIVACY

VICE CHAIRPERSON

COMMITTEE ON HOMELAND SECURITY, VETERANS AND MILITARY AFFAIRS AND GOVERNMENT REFORM

MEMBER

COMMITTEE ON SENATE ORGANIZATION

COMMITTEE ON ENVIRONMENT AND NATURAL RESOURCES

COMMITTEE ON LABOR, SMALL BUSINESS DEVELOPMENT AND CONSUMER AFFAIRS

SENTENCING COMMISSION

COUNCIL ON TOURISM

JUDICIAL COUNCIL

MEMORANDUM

TO: Senator Tim Carpenter, Member, Senate Committee on Judiciary, Corrections & Privacy

FR: Senator Dave Zien, Chair, Senate Committee on Judiciary, Corrections & Privacy

DT: July 27, 2004 (hand delivered)

RE: Paper Ballot (1 page) **CORRECTED BALLOT**

Please consider the following item and vote on the motion below. Return this ballot to Senator Dave Zien, Room 15 South, no later than 7:30am Wednesday, July 28, 2004. Committee members' ballots not received by the deadline will be marked as not voting.

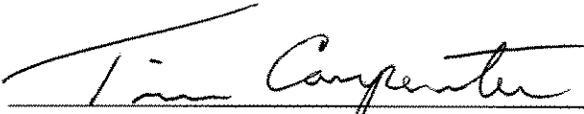
Senate Joint Resolution 76

To create section 11 of article VIII of the constitution; **relating to:** limiting spending by the state and certain local governmental units and requiring elector approval to exceed the limits (first consideration).

- Moved by Senator Zien that SENATE JOINT RESOLUTION 76 be recommended for ADOPTION:

Aye _____ No

Signature



 Senator Tim Carpenter



**Testimony To Senate Committee on Judiciary, Corrections, and Privacy
in regards to TABOR**

Austin Evans, Chair, Associated Students of UW-Madison 2003-04

July 27, 2004

Chair Zein and members of the committee:

Thank you for taking time today to hear from myself and other concerned citizens about the Taxpayer Bill of Rights. My name is Austin Evans and I am a student at UW-Madison studying economics and political science.

Local Control Usurped

A large part of my concern with the amendment is the power dynamic it will create. Let's take the situation where a referendum is required to increase in an agency's revenue. We are essentially taking the decision-making process away from those who spend their professional lives on these questions and putting it in the public at large. While this might feel like a good idea to some, the fate of a highway, university or prison should never be decided by a popularity contest. I can just imagine seeing ads on TV or billboards regarding such funding referenda, and it pains me to think that our state is headed in that direction.

I also strongly believe that those who serve closest serve best. In the small village of Nashotah where I grew up, we dealt with many budgetary issues that faced the Lake Country area, ranging from parks and streets to the funding of Arrowhead High School, from where I graduated. My high school faced many challenges in expanding and growth, but it was through those in Hartland and the surrounding area that knew best, and with the amendment proposed, I am concerned about how that knowledge and community aspect of secondary education will be affected. Local control has worked and works best, and it must be protected.

Economic Inconsistencies

Essentially, the Taxpayer Bill of Rights is an effort to bind government spending to personal income. By doing this, I presume that those seeking this amendment hope to keep the citizens' tax burden at a constant rate with how much money is in their pockets. On face value, this seems like a logical idea, but if investigated more closely, a bind between government spending and consumer income is economically troubling.

Forgive me for sounding like the economics major that I am, but with such an important measure, it is absolutely prudent to examine economic data. According to Macroeconomics by Professor Robert J. Barro of Harvard University, the correlation between government consumption and investment and real gross domestic product for state and local governments is 0.35¹. Simply stated, this statistic shows that government spending hardly, if ever, coincides with changes to the real GDP. As most of us know, the overwhelming majority of GDP is made up of consumer consumption and private investment, two economic functions directly related with personal income.

With all the economics jargon aside, how does this apply to the Taxpayer Bill of Rights? The amendment will essentially force an abnormally high connection between GDP and government spending. The effect of this has many implications, including what would happen should the economy take an unexpected recession or depression. Such a situation could put the critical services of this state into jeopardy, as the amendment does not provide for an exception due to economic fallout.

Republican Process

We live in a republic, where the people choose those who will make the laws of this land. I personally have no time to sit around and make a decision about every bill or resolution that is proposed, but our legislators do. I also don't have time to talk to those affected by proposed laws, nor do I have time to investigate alternate ideas, but again our legislators do. It is you who are selected to make the decisions affecting this state's progress, and I cannot stand that decision being left to an automatic and arbitrary formula.

This state has survived for over 150 years by having 132 of its citizens make laws and pass budgets, and if we are unhappy with the decisions those people make, we need to change the people who make the decision, not the process with which they make it. If we believe that state spending is too high, then it is up to us at the polls to elect people who will fix that situation. I strongly feel that the Taxpayer Bill of Rights is a usurpation of the political balance we have enjoyed since this state's founding.

Hasty Process

I must conclude this message with a comment on the process this amendment is being discussed. Some suggest that this is being discussed because of pressure to get

¹ Macroeconomics, Fifth Edition - Second Printing, R. Barro, p. 11, LoC HB 172.5 B36 1997

reelected or seek office. I think such pressure is good as it keeps our senators responsible to those who elected them. However, you should not rush such a drastic measure through in such a short time scale.

If this was a resolution to honor the life of a long-time public servant, 36 hours of real legislative process may be enough time to pass it. If this was a law to change our statutes regarding food licensing, 36 hours may be enough time. If this was a law to change what is a crime in Wisconsin, 36 just might be enough time.

What we're dealing with is a change to the document that constitutes what Wisconsin is; a document that took months and great debate to form. We have changed this document several times since then, but only after having meaningful hearings and debate and thorough floor discussion. This has not happened with this amendment. Simply said, 36 hours is not enough time to ethically change the Wisconsin Constitution. Thirty-six hours is nowhere near enough time to adequately feel the full pulse of public opinion, and I urge you to think of this need to rush when considering the amendment.

I thank you all for your time and welcome your questions or feedback. I may be reached at my voting address below or via email at ajevans@wisc.edu.

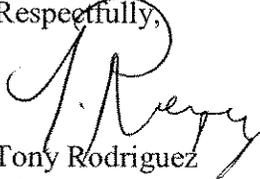
-Austin Evans, 627 North Lake Street, Madison, WI 53703

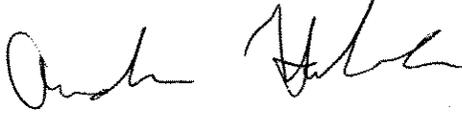
July 27, 2004

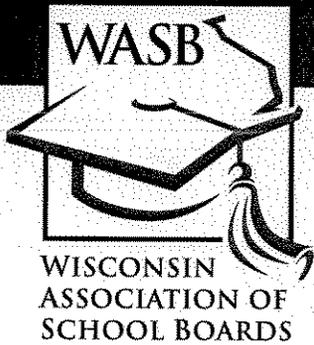
Wisconsin Senate Judiciary, Corrections and Privacy, Committee:

With the implementation of TABOR, the University of Wisconsin System would suffer significant financial damages. It's imperative that this body endorse a proposal that supports the economic engine of the State of Wisconsin. The damages that we face include higher costs for participation in the UW System, making access an even bigger issue than it already is. We as students have already faced an 18% tuition increase, not to mention the newly established Governor's instructions for a 10% cut to state agencies, one of them being the UW System. While we see understand that a solution needs to be found to cure the tax problems that face the State of Wisconsin, we feel that rushing to solve this problem without proper analysis or public debate is poor public policy and sets a bad precedent. In it's current form, the resolution would result in the UW System depending on private gifts and grants, and the System would be forced to set limitations on enrollment in an effort to maintain quality education. This would take away from the public aspect of our public institutions which should be accessible to everyone.

Respectfully,


Tony Rodriguez
Vice President
UWM Student Association


Andrew Hable
Legislative Affairs Director
UWM Student Association



122 W. WASHINGTON AVENUE, MADISON, WI 53703
PHONE: 608-257-2622 • FAX: 608-257-8386

KEN COLE, EXECUTIVE DIRECTOR

TO: The Senate Judiciary, Corrections and Privacy Committee

FROM: Wisconsin Association of School Boards (WASB)
Pam Rewey, Director of Legislative Services

DATE: July 27, 2004

RE: Constitutional Limitation on State and Local Expenditures

The Wisconsin Association of School Boards (WASB) strongly opposes a proposed constitutional amendment, commonly referred to as the Taxpayer Bill of Rights or "TABOR." The WASB believes that the state constitution has served its people well and should not be changed in a hurried way – Wisconsin needs a thoughtful, thorough review of state income and spending. We also believe that:

TABOR would jeopardize Wisconsin's long tradition of providing a high quality public K-12 education system and threaten student achievement.

TABOR would put rigid revenue controls in the state Constitution, making it extremely difficult to make adjustments or correct inequities in the current school funding system.

TABOR would undermine the authority of elected officials, diminish the role of citizens in local decision-making process, and hinder the ability of school boards to address the changing needs of Wisconsin public school students.

As recent as 2000, the Wisconsin Supreme Court cited Wisconsin's constitution in holding that "Wisconsin students have a fundamental right to an equal opportunity for a sound basic education." Under a proposed limit of 90% of a three year rolling average of personal income are Wisconsin schools to provide a sound basic education to all children or to 90% of the children? Are we to leave some students behind? Is the legislature telling schools to comply with 90% of the state imposed mandates? If expenditures above the limit would be allowed if approved in advance in a local referendum, what are school boards to do when the President or Congress enacts mandates such as No Child Left Behind? Will there be an exemption to the referendum requirement if mandates are enacted at the federal level?

Wisconsin public schools are already subject to state revenue controls that have not kept pace with school district expenses and have directly contributed to the loss of educational programs and staff – most dramatically in school districts with declining enrollment. Wisconsin students have consistently done well on mandated tests. More stringent controls will ensure a greater reduction in educational programs and staff and will threaten our growth in student achievement and efforts to close the minority achievement gap.

Schools, like other units of government, have had to contend with insurance and energy or fuel costs that have risen much faster than the growth in personal income, let alone 90% of that growth. Are school boards to choose to an even greater extent between paying for energy and keeping educational programs? As a constitutional amendment, TABOR would intensify decisions to cut programs and lead to greater inequities in the state's current school funding system. Referenda will pass in some districts and not others. Declining enrollment is a factor in many districts but not all.

Many proponents of TABOR claim that the tax burden in Wisconsin is hurting economic development. However, numerous studies show that a well-trained labor force and high quality public services are more important than taxes in business location decisions. Furthermore, many school board members will tell you that businesses looking to locate in their school district want to know about the quality of the schools in that district – quality schools are a big factor in business location decisions.

In addition, consider the following facts from the UW La Follette School of Public Affairs:

- School property tax rates have fallen by nearly 50 percent since 1991.
- The property tax burden (tax relative to median household income) on the median value house has actually **fallen** since 1994.
- Although it is true that Wisconsin has had a high state and local tax burden relative to other states, it is due in large part to the fact that Wisconsin has a relatively low level of fees and charges. When general revenue from both taxes and fees is considered, Wisconsin ranked 19th among all states.
- Businesses in Wisconsin face a relatively low tax burden. Wisconsin ranks 50th out of all the states in business taxes as a share of state and local taxes and 35th in business taxes relative to profit.
- Wisconsin is not a particularly high spending state. In 2000, Wisconsin ranked 18th in state and local government spending relative to personal income.

TABOR is intended to limit the size of government and give the public direct control over fiscal decisions. However, such a measure can tie the hands of state and locally elected officials in responding to the electorate, diminish the authority of representative government, and will be difficult to adjust to changing fiscal conditions.

School boards fill a unique combination of roles as advocates for children, managers of staff and stewards of public funds. They are directly accountable to students, parents and the community of taxpayers. A constitutional limit would limit school board authority and restrict its ability to respond to the needs of students.

Clark County Board of Supervisors

July 27, 2004

It seems likely that there will be a vote on legislation regarding a TABOR constitutional amendment. The Clark County Board of Supervisors passed a resolution on May 26, 2004 asking the Wisconsin Legislature to allow time for meaningful dialogue and input from the taxpayers of this state before voting; urging the Legislature to maintain the Wisconsin Constitution for items of a constitutional nature and make fiscal policy changes in the statutes or department rules; and, that any proposed changes to the Wisconsin Constitution that address government spending must include language reflecting the full intent of the citizens to "require the state to fully fund any program service or benefit it requires local government to provide". It is difficult for Clark County to make specific comment on any TABOR constitutional amendment without specific details being available to the public.

Clark County urges the Legislature to take the time to have statewide debate on the issue and encourage all legislators to take time to have hearings in each district.

Also, consider the fact that there are already control with the current tax rate limit, under which we currently operate, should be adequate state control. Please don't make the assumption that all local governments will raise taxes to make up for cuts in state aid.

Legislators must seriously consider the impact that county property tax levy has in providing county services which have been created and mandated by state government. The 12% increase counties are being charged for children sent to the state's juvenile correctional institutions is just one example of mandates over which we have no control.

The ever rising cost of health care and prescriptions has significantly impacted the Clark County budget with a 20% increase in premiums in 2002 and a 35% increase in 2003. The industry has projected another 20% increase in costs for each of the next 5 years. The Clark County Board, as usual, has been conservative with benefits and has been able to retain a 15% employee contribution toward that premium. This contribution makes it highly unlikely to bargain for a higher contribution when compared with other municipalities and schools; thus, the vast majority of increase must be funded with aids, shared revenues and levy.

County Boards of supervisors, rather than state decision makers, have been elected to determine the county property tax levy; and, the Clark County Board of Supervisors can be noted for their fiscal responsibility as reported in the last Wisconsin Taxpayers Alliance report. Clark County ranked 68th out of the 72 counties in % change of property tax levy for 2002-2003. While the greatest percent increase was 22.6%; Clark County can proudly report a 0.9 reduction in the levy. Further, Clark County's 10-year period change in the

property tax levy was 55.8% or an average of 5.58% per year. At first glance this may appear high; however, please note from the Wisconsin Taxpayers Alliance report that again Clark County ranks 64 out of the 72 counties. The County Board has demonstrated the ability of local municipalities to responsibly tax and provide services without further constraint from the state. The prudent decisions of the Clark County Board over the past ten years, has kept the county levy relatively stable or declining without the implementation of the 1/2% county sales tax.

Clark County has serious concern over pushing through first consideration of a constitutional amendment so late in the session especially after nomination papers have been filed and goes on record in opposition to TABOR at this time.

A handwritten signature in cursive script that reads "Wayne Hendrickson".

Wayne Hendrickson
County Board Chairman

Motion:
 1st Rueth
 2nd Harwick
 No: _____ Yes: _____
 Absent: _____

Adopted: Voice
 Lost: vote
 Tabled:

Number of votes required:
 Majority Two-thirds

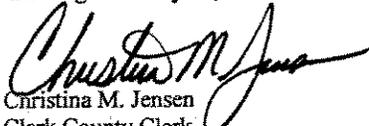
Reviewed by: JW
 Corp Counsel

**RESOLUTION #22-5-04
 Taxpayers Bill Of Rights**

Clark Co Board Roll Call Vote	Y E S	N O	A
1 Nikolay			
2 Hunsader			
3 Jakel			
4 Strickland			
5 Amacher			
6 Henke			
7 Fleming			
8 Kodl			
9 Holtzhausen			
10 Kolzow			
11 Jalling			
12 Tyznik			
13 Bower			
14 Rogstad			
15 Ashbeck			
16 Hendrickson			
17 Rueth			
18 Olson			
19 Haselow			
20 Smith			
21 Rollins			
22 Karl			
23 Boon			
24 Kim			
25 Fitzmaurice			
26 Hinkelman			
27 Garbisch			
28 Harwick			
29 Wesenberg			

1 WHEREAS, Assembly Substitute Amendment to 2003 Assembly
 2 Joint Resolution 55 was introduced in the Wisconsin State Assembly
 3 by Representative Frank Lasee; and
 4
 5 WHEREAS, Assembly Substitute Amendment to 2003 Assembly
 6 Joint Resolution 55 is a proposed constitutional amendment modeled
 7 directly after a constitutional amendment adopted in Colorado in 1992
 8 called the Taxpayers Bill of Rights or TABOR; and
 9
 10 WHEREAS, Assembly Substitute Amendment to 2003 Assembly
 11 Joint Resolution 55, like Colorado's TABOR, would place into the
 12 Wisconsin Constitution a formula limiting annual increases in
 13 spending each year for all levels of government in Wisconsin to the
 14 change in the Consumer Price Index plus varying factors depending on
 15 municipality; and
 16
 17 WHEREAS, Colorado is currently engulfed in a debate over whether
 18 to suspend some of the provisions of TABOR or repeal TABOR due
 19 to a significant budget shortfall, a growing backlog in road projects,
 20 and dropping to near the bottom of the fifty states in graduation rates,
 21 immunization rates, higher education funding, health care coverage for
 22 children and prenatal care; and
 23
 24 WHEREAS, Assembly Substitute Amendment to 2003 Assembly
 25 Joint Resolution 55 is currently being reworked by work groups in the
 26 Assembly and Senate in an effort to craft a new proposed
 27 Constitutional Amendment which attempts to remedy some of the
 28 errors made in Colorado and is more workable for Wisconsin; and
 29
 30 WHEREAS, the primary lesson learned from Colorado is that placing
 31 strict formulas in the Constitution does not allow for government to
 32 react to changing circumstances or inherent flaws in the formula; and
 33
 34 WHEREAS, before any Joint Resolution to amend Wisconsin's
 35 Constitution is before the Legislature for first consideration, there
 36 should be a thorough public discourse with the taxpaying public in
 37 order to ensure a proper understanding of the proposal; and
 38
 39 WHEREAS, all governmental entities should have the ability to take
 40 whatever formula is proposed and create fiscal models to learn what
 41 the impact would have been if we had such a formula in place in
 42 previous years as well as what it will mean in the future; and

I, Christina M. Jensen,
 Clerk for the County of Clark,
 hereby certify that this
 resolution was adopted by the
 Board of Supervisors at the
 meeting held May 26, 2004.


 Christina M. Jensen
 Clark County Clerk,
 Neillsville, WI 54456

RESOLUTION #22-5-04

43 WHEREAS, in 1990 the overwhelming majority of the voting public
44 in Wisconsin (70%) went on record through an advisory referendum
45 stating that the Constitution should be amended to "require the state to
46 fully fund any program service or benefit it requires local government
47 to provide";

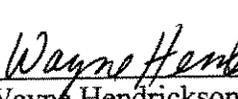
48
49 NOW, THEREFORE, BE IT RESOLVED, that the Clark County
50 Board hereby urges the Wisconsin State Legislature to allow time for
51 meaningful dialogue and input from the taxpayers of this state before
52 moving forward with a proposed Constitutional Amendment.

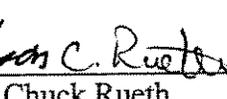
53
54 BE IT FURTHER RESOLVED, that Clark County urges the
55 Wisconsin State Legislature to maintain the Wisconsin Constitution
56 for items of a constitutional nature and make fiscal policy changes in
57 Wisconsin statutes or Department rules; and

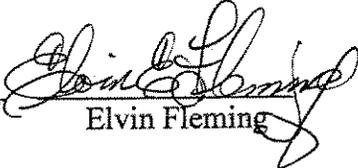
58
59 BE IT FURTHER RESOLVED, that any proposed changes to the
60 Wisconsin Constitution which address government spending must also
61 include language reflecting the full intent of the citizens to "require the
62 state to fully fund any program service or benefit it requires local
63 government to provide".

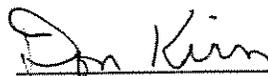
64
65 FINALLY BE IT FURTHER RESOLVED, that a copy of this
66 resolution be sent to all State Senators and Representatives
67 representing our county, Governor Doyle, and the Wisconsin Counties
68 Association.

EXECUTIVE, LEGISLATIVE & JUDICIAL COMMITTEE


Wayne Hendrickson


Chuck Rueth


Elvin Fleming


Don Kim


Charlie Harwick

FINANCIAL IMPACT STATEMENT:

Projected new positions:	none
Anticipated revenues:	none
Wages:	none
All other costs:	none
Space requirements:	none

David Walsh
Senate Judiciary Committee
411 South, State Capitol
Tuesday, July 27, 2004

The process today, of considering a constitutional amendment to limit state spending-- with no proposal to examine until a fiscal bureau paper was released this morning -- is troubling. The impact on the future economic advancement and security of many thousands of our citizens is at stake. Changing our constitution is too important to take up in haste without carefully considering the long-term consequences. Wisconsin ranks much lower in per capita spending for higher education today than ten years ago dropping from ranking 13th in the country in 1993-94 to 28th in 2001-02 before our latest round of cuts. How much farther can this trend go before we have squandered the investment Wisconsinites have built and protected over many generations in access to economic opportunity and life improving research.?

On April 2 the Board of Regents adopted a resolution authored by Regent Jose Olivieri expressing "grave" concern about the effects a TABOR constitutional amendment may have on the University of Wisconsin System and Wisconsin's future economic security. The University of Wisconsin institutions graduate 29,000 students annually and 82% of resident students stay and work in Wisconsin. Eighty percent of our pharmacists, 72% of our nurses, 60% of our teachers, and a large number of our accountants, engineers, business leaders and lawyers in this state are graduates of UW institutions. Not a day goes by without the UW touching all our lives. How many of your legislative aides, auditors and research staff are UW graduates? Which of the 13 spin off business from university research each year will be the next Microsoft?

Regents began in the attached resolution by expressing a shared commitment to controlling state spending -- the UW has been doing far more than its fair share for a decade and the board is working on further efficiencies that are spelled out in our strategic planning study *Charting a New Course for the University*. For every dollar invested in the university, the state receives a return of \$10 to our economy. A copy of the executive summary of this report accompanies

this testimony because it sounds a wake up call to the state. Wisconsin cannot continue to disinvest in its university system and expect a strong economy in the future. Wisconsin has faced tough economic times before, but if we are to avoid mediocrity, we must resist downsizing our higher education system.

The regents felt it was important to communicate earlier that the spending limit proposals which they had heard to date to cap state spending – all of which involved a constitutional amendment – could have a chilling effect on investments in our state's economic growth including the UW System and other components of our public education system.

We wanted the legislature to be aware that in other states where the constitution was used to limit state spending, funds for access to higher education were significantly diminished. In Colorado, funding for the state's flagship campus dropped from 20% to just 10% of its total budget. The impact on the state's ability to compete for federal research funds and provide access to needy students is seriously impaired.

Although the Board communicated its grave concerns about earlier proposals, it also wanted to keep the dialogue open as changes were considered. President Katharine Lyall, former Regent President Gottschalk and Business and Finance Committee Chair Mark Bradley met with Senator Panzer and Senator Fitzgerald to share the impacts of the current cuts on our ability to provide quality education (40% of classes are currently taught by non-tenured faculty as compared to 30% five years ago), and to provide access to low income students (students from low income families have dropped from 14 to 11% in the last five years). We have lost three excellent Chancellors this year and some excellent high profile faculty and their research dollars including Don Kettl, Dr. Richard Love, an internationally known breast cancer researcher and many others. As John Hyer, Dean of the College of Arts and Communication at UW Whiewater says, it's the first time in his 24 years that he is losing top faculty candidates to schools in the South. We appreciated the opportunity to begin these discussions about the future of the University of Wisconsin System but it can't stop here.

Allowing tuition to be exempt from caps if later statutes are passed to do so is no guarantee this would happen and although this action might avoid some of the worst problems, it does not assure access to the educational opportunities Wisconsin residents have come to expect. As far as I can tell, there is no exemption in applying

this proposal to federal funds or private gifts and grants. Do we want to lose the steady growth in federal grant funds and private donations we've enjoyed?. Others will assume that if the university tuition is exempt from GPR spending caps, the UW can raise funds elsewhere and may continue to underfund the university for the number of students it serves. And what about financial aid? If tuition increases, how can the state fund the statutorily required link to financial aid? What would be the guarantee to our students that the aid required would be there? Other funds could not be used as all are capped. There is no substitute for adequate state tax support.

Remember private donors do not give to poor quality institutions and federal funds go only to pay for specific contracted research and are not transferable to academic programs. Also, the university relies on counties and local spending to fund its UW Colleges' buildings and UW-Extension staff. A strong Technical College and K-12 system are necessary to produce well-qualified graduates to succeed and transfer into our institutions to complete four year degrees if they so choose.

I urge you not to take a hasty action that could effectively reduce access to public higher education in Wisconsin. By limiting this access to our young people and adults seeking to improve their career opportunities we hurt Wisconsin's economy. I hope we will not sacrifice our long-term investment in the future of the state for a short-term political purpose. Thank you.

Regent Resolution
April 2, 2004

WHEREAS, the University of Wisconsin System shares in the commitment to control spending in the State of Wisconsin and has, in fact, contributed by reducing its GPR spending in this biennium; and

WHEREAS, the University of Wisconsin Board of Regents believes that the development of state funding limits is a process that requires ongoing communication, and board members, the president, chancellors and UW staff have been discussing such proposals with legislators; and

WHEREAS, all such proposals so far advanced have involved a constitutional amendment to limit state spending which, as we have seen experienced in other states, would limit the state's ability to invest in education which is critical to state economic growth;

NOW THEREFORE BE IT RESOLVED THAT

The UW Board of Regents expresses its grave concern about proposals that have so far been advanced to its members, and the board expresses further grave concerns with regard to proposals that might exempt the University of Wisconsin System but would negatively impact other components of public education and spending which would, in turn, negatively impact the University of Wisconsin System.



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A MEMBER OF THE NATIONAL ASSOCIATION OF CHILD ADVOCATES

July 27, 2004

To: Members of the Senate Judiciary, Corrections and Privacy Committee
Senator Dave Zien, Chair

From: Charity Eleson, Executive Director

Re: Taxpayer Bill of Rights Proposal

While we appreciate the opportunity to provide public comment on the proposal to amend the state constitution to significantly limit the ability of state and local policy makers to raise spending or taxes, one of our chief concerns about this action is the process. Senate leadership rightly said in June that the Senate needed to engage in a more deliberative process, allowing ample time for public input and giving citizens all around the state the opportunity to learn more and comment on this proposal. However, at this late date, the public input process is limited to this hearing, which was only noticed yesterday. Further, the details of the legislation were not even known at the time the hearing was scheduled. The significance of this action and its broad and lasting impact on citizens of this state requires a full vetting of the proposed constitutional amendment and an opportunity for the public be informed and fully part of the debate.

Further, WCCF is strongly opposed to changing the state's constitution to limit the ability of state and local policy makers to make budget and tax decisions. The citizens' needs for public services change at both the state and local level on an annual basis as a result of numerous variables. The constitution is simply too difficult to change if state and local governments are faced with needs that go beyond the limitations in spending and taxes that have been discussed. It effectively ties the hands of policy makers who wish to be responsive to those needs.

It is almost certain, based on past history, that costs will increase in significant areas of the state and local budgets beyond any of the measures that have been discussed as possible ways of limiting tax and spending growth, including the consumer price index, population growth or personal income growth. For example, the state's Medicaid and BadgerCare spending grew by 14.3 percent between 2001 and 2002. That growth was fueled in large part by a flagging economy that resulted in higher participation rates, by rapidly rising drug prices, and by demographic trends that increase use of prescription drugs and other services. Most of those trends affecting Medicaid, an entitlement program, will continue to drive cost increases that are likely to exceed the inflexible constitutional limits.

At the local level, there are additional examples of spending that local governments must respond to. For example, the state charges counties for the cost of certain types of institutional care, including juvenile corrections care. Between 2001 and 2004, daily rates for juvenile corrections had increased by 18.8 percent. During the same three-year time, the estimated growth in personal income is just 9.2 percent, and under the proposed TABOR limit the local spending cap over those three years would have been 8.3 percent.

Finally, there is a heavy cost to children and adults who rely on publicly funded programs when services are cut due to expenditure and tax limits. Table 2 in the attachment shows what has happened in a number of key indicators of well-being for Colorado's children since the enactment of TABOR in that state. In all but two areas examined, indicators for Colorado's children worsened, and in some cases considerably.

TABOR is an empty promise for the children of our state. The experience of Colorado's children is a harbinger of what Wisconsin is inviting if it takes the extreme step of severely curtailing the ability of state and local governments to respond to changing economic and social trends. Colorado has some of the worst outcomes for children in the nation. Wisconsin has some of the best, and we believe that the right thing to do is to ensure the state is on track for not only maintaining these good outcomes, but for improving them. TABOR will seriously undermine our ability to do that.

Selected **TABOR** Impacts: National Rankings

Table 1: Colorado vs. Wisconsin

(This table uses the most current data we could locate. The year is indicated in parentheses.)

Measure	Colorado	Wisconsin
Health Insurance Coverage	37 th ('01-02)	3 rd ('01-02)
Childhood Immunization	50 th ('03)	10 th ('03)
Timely Prenatal Care	41 st ('02)	20 th ('02)
Low Birthweight Babies	40 th ('02)	12 th ('02)
Infant Mortality	11 th ('00-01)	23 rd ('00-01)
Child Death Rate	21 st ('01)	19 th ('01)
Teen Birth Rate	36 th ('02)	11 th ('02)
Class Size	41 st ('02)	19 th ('02)
ACT Scores (among states w. 40% taking exam)	19 th ('03)	1 st ('03)
K-12 spending per pupil	33 rd ('01)	11 th ('01)
K-12 spending relative to income	48 th ('01)	9 th ('01)
Per Capita St. Higher Ed Appropriations	47 th ('04)	29 th ('04)
Percent of teens who are high school dropouts	48 th ('01)	7 th ('01)
Idle teens (% neither working nor in school)	32 nd ('01)	3 rd ('01)
Higher Ed Enrollment (9th Graders who enroll 4 years later)	29 th ('02)	12 th ('02)
Morgan Quinto rankings:		
"Most Livable State"	23 rd ('04)	13 th ('04)
"Healthiest State"	27 th ('04)	21 st ('04)
"Smartest State"	35 th ('04)	8 th ('04)

Table 2: Colorado's Changing Rankings in the Decade Since TABOR's Implementation

(We excluded measures for which we could not find comparable data from the early 1990s.)

Measure	Colorado	
	Current	1993
Health Insurance Coverage	37 th ('01-02)	21 st
Childhood Immunization	50 th ('03)	27 th ('94)
Timely Prenatal Care	41 st ('02)	21 st ('90)
Low Birthweight Babies	40 th ('02)	42 nd
Infant Mortality	11 th ('00-01)	19 th
Child Death Rate	21 st ('01)	16 th
Teen Birth Rate	36 th ('02)	30 th
K-12 spending per pupil	33 rd ('01)	28 th
K-12 spending relative to income	48 th ('01)	35 th
Per Capita St. Higher Ed Appropriations	47 th ('04)	31 st
Percent of teens who are high school dropouts	48 th ('01)	31 st
Idle teens (% neither working nor in school)	32 nd ('01)	13 th
Morgan Quinto rankings:		
"Most Livable State"	23 rd ('04)	8 th
"Healthiest State"	27 th ('04)	9 th

Notes: For all of the measure, lower rankings are better. The data come from many sources, including the Kids Count Data Books, Census Bureau, CDC, Morgan Quinto, & Kaiser Family Foundation.