

# 05hr\_SC-JCEDCA\_sb0035\_pt01



(FORM UPDATED: 08/11/2010)

## WISCONSIN STATE LEGISLATURE ... PUBLIC HEARING - COMMITTEE RECORDS

### 2005-06

(session year)

### Senate

(Assembly, Senate or Joint)

### Committee on ... Job Creation, Economic Development and Consumer Affairs (SC-JCEDCA)

### COMMITTEE NOTICES ...

- Committee Reports ... **CR**
- Executive Sessions ... **ES**
- Public Hearings ... **PH**

### INFORMATION COLLECTED BY COMMITTEE FOR AND AGAINST PROPOSAL

- Appointments ... **Appt** (w/Record of Comm. Proceedings)
- Clearinghouse Rules ... **CRule** (w/Record of Comm. Proceedings)
- Hearing Records ... bills and resolutions (w/Record of Comm. Proceedings)
  - (**ab** = Assembly Bill)                      (**ar** = Assembly Resolution)                      (**ajr** = Assembly Joint Resolution)
  - (**sb** = Senate Bill)                              (**sr** = Senate Resolution)                              (**sjr** = Senate Joint Resolution)
- Miscellaneous ... **Misc**

\* Contents organized for archiving by: Mike Barman (LRB) (August/2012)

## Senate

### Record of Committee Proceedings

#### **Committee on Job Creation, Economic Development and Consumer Affairs**

##### **Senate Bill 35**

Relating to: eliminating the estate tax.

By Senators Leibham, Kanavas, Darling and Grothman; cosponsored by Representatives Suder, Loeffelholz, Nass, Hines, Gundrum, Kerkman, McCormick, LeMahieu, Jeskewitz, F. Lasee, Honadel, Musser, J. Fitzgerald, Albers, Hundertmark, Petrowski, Vrakas, Fields, Nischke, Freese, Gielow and Jensen.

February 02, 2005      Referred to Committee on Job Creation, Economic Development and Consumer Affairs.

April 19, 2005      **PUBLIC HEARING HELD**

Present:    (5)      Senators Kanavas, Zien, Reynolds, Lassa and Decker.  
Absent:    (0)      None.

##### Appearances For

- Joe Leibham, Madison — Senator
- Ms. Sherrie Gates-Hendrix, Madison — Department of Revenue
- Mr. Steve Baas, Milwaukee — Metropolitan Milwaukee Association of Commerce

##### Appearances Against

- None.

##### Appearances for Information Only

- None.

##### Registrations For

- Ms. Jordan Lamb, Madison — Wisconsin Biotechnology and Medical Device Association
- Scott Suder, Madison — Representative
- Mr. James Buchen, Madison — Wisconsin Manufacturers and Commerce
- Mr. Paul Zimmerman, Madison — Wisconsin Farm Bureau
- Ms. Kathi Kilgore, Madison — Wisconsin Innkeepers Association
- Ms. Jordan Lamb, Madison — Wisconsin Potato & Vegetable Growers
- Ms. Jordan Lamb, Madison — Wisconsin Pork Association
- Ms. Jordan Lamb, Madison — Wisconsin State Cranberry Growers Association
- Ms. Jordan Lamb, Madison — Independent Insurance Agents of Wisconsin

- Ms. Jordan Lamb, Madison — National Association of Insurance and Financial Advisors
- Ms. Jordan Lamb, Madison — Professional Insurance Agents of Wisconsin

Registrations Against

- None.

May 4, 2006

Failed to pass pursuant to Senate Joint Resolution 1.

James Michel  
Committee Clerk

**SENATE BILL 35 (LRB -0406)**

An Act to amend 72.01 (11m) and 72.01 (11n); and to create 72.36 of the statutes; relating to: eliminating the estate tax.

**2005**

- 02-02. S. Introduced by Senators **Leibham, Kanavas, Darling and Grothman**; cosponsored by Representatives **Suder, Loeffelholz, Nass, Hines, Gundrum, Kerkman, McCormick, LeMahieu, Jeskewitz, F. Lasee, Honadel, Musser, J. Fitzgerald, Albers, Hundertmark, Petrowski, Vrakas, Fields, Nischke, Freese, Gielow and Jensen.**
- 02-02. S. Read first time and referred to committee on Job Creation, Economic Development and Consumer Affairs ..... 61
- 02-02. S. Pursuant to Senate Rule 36(2)(c) and section 13.52(6), Wisconsin Statutes, the Co-Chairs of the Joint Survey Committee on Tax Exemptions shall prepare and submit a report in writing setting forth an opinion on the desirability of Senate Bill 35 as a matter of public policy. .... 61
- 02-22. S. Fiscal estimate received.
- 04-19. S. Public hearing held.
- 04-29. S. Fiscal estimate received.

**2006**

- 05-11. S. Failed to pass pursuant to Senate Joint Resolution 1 ..... 853





# State of Wisconsin • DEPARTMENT OF REVENUE

2135 RIMROCK RD. • P.O. BOX 8933 • MADISON, WISCONSIN 53708-8933  
PHONE (608) 266-6466 • FAX (608) 266-5718 • <http://www.dor.state.wi.us>

**Jim Doyle**  
Governor

**Michael L. Morgan**  
Secretary of Revenue

## Senate Job Creation, Economic Development and Consumer Affairs Committee Hearing, April 19, 2005

**Senate Bill 9 – Phase out estate tax over 2 years (Senator Roessler)**

**Senate Bill 16 – Phase out the estate tax over 3 years (Senator Kanavas)**

**Senate Bill 35 – Eliminating the estate tax (Senator Leibham)**

### *Description of Current Law and Proposed Change*

Under current Wisconsin law, the estate tax for deaths occurring from October 1, 2002 through December 31, 2007, is equal to the federal credit allowed for state estate taxes in effect for deaths on December 31, 2000. After 2007, Wisconsin will conform to federal law and because of provisions in the federal estate tax law the state will impose no estate tax for deaths occurring after 2007. The Wisconsin estate tax is due nine months after the date of death, and therefore, initial collections from the tax will end on September 30, 2008.

Senate Bill 9 would reduce the estate tax by 33.3% for deaths occurring in 2006 and by 66.7% for deaths occurring in 2007. This bill would reduce Wisconsin's estate tax collections for the final two years (2006 and 2007) in which Wisconsin does not conform to current federal estate tax law but would have no effect on deaths occurring in 2008 and thereafter.

Senate Bill 16 would reduce the estate tax by 25% for deaths occurring in 2005, 50% for deaths occurring in 2006, and by 75% for deaths occurring in 2007. This bill would reduce Wisconsin's estate tax collections for the remaining three years (2005 through 2007) in which Wisconsin does not conform to current federal estate tax law but would have no effect on deaths occurring in 2008 and thereafter.

Senate Bill 35 would repeal the estate tax beginning with deaths occurring on January 1, 2006. The state would lose collections from October 1, 2006 through September 30, 2008. Unlike Senate Bills 9 and 16, this bill would permanently repeal the Wisconsin estate tax. Wisconsin is currently scheduled to return to federal estate tax law beginning with deaths occurring in 2008. When this happens, Wisconsin's estate tax will be repealed since the federal credit in effect for deaths after the year 2000 is zero. However, the federal estate tax changes are sunsetted, and barring further law changes, the federal estate tax will be restored in 2011 along with the Wisconsin estate tax, unless Senate Bill 35 is adopted. If this bill is adopted, and even if the federal estate tax is restored, the Wisconsin estate tax would remain permanently repealed.

### *Fairness/Tax Equity*

- The estate tax is highly progressive. Wisconsin's estate tax is imposed only when an estate has a value exceeding \$675,000. Only about 1,500 to 2,000 estates each year have values this high and are subject to the Wisconsin estate tax. The state must weigh the benefits of providing a tax reduction to the heirs of these estates against the reduction in government services or increases in other taxes that would potentially affect a much larger share of the population.

### *Impact on Economic Development*

- There is some concern that too many elderly are leaving the state because of the state's tax treatment. However, data obtained from the U.S. Census Bureau suggests that this is not the case, particularly in comparison with other states. According to the Census Bureau, Wisconsin ranked 33<sup>rd</sup> in the United States for elderly net migration from 1995 to 2000.
- Comparison of elderly migration patterns provides little evidence that tax treatment has a significant impact on residence decisions by the elderly. According to the Census Bureau, the net migration rates of elderly persons were negative for 1995 to 2000 – more elderly moving out than in – for Wisconsin and its four neighboring states, but Wisconsin had the lowest rate, -5.6 per 1,000 people. Most of Wisconsin's elderly left the state from ages 65 to 84. After age 85, Wisconsin has a positive rate of migration – more elderly moving back than leaving – and among Wisconsin's neighbors, only Minnesota had more elderly returning after age 85. From 1995 to 2000, Wisconsin had a positive rate of migration for elderly over age 85 of 5.4 per 1,000 second only to Minnesota with 9.4 per 1,000.
- Although taxes are one factor retirees consider when deciding where to live, climate, location of relatives, and quality and availability of health care and public services are also important.
- In contrast to elderly migration, Wisconsin has a high rate of migration of young people. According to the U.S. Bureau of the Census, Wisconsin loses a substantial share of its younger working population. From 1995 to 2000, the migration rate of young (ages 25-39), single and college-educated persons for Wisconsin was -107.7 per 1,000 people. Minnesota and Illinois had positive rates, 15.5 and 12.4 per 1,000 respectively; Michigan's rate was negative, -86.7, but not as low as Wisconsin's, and Iowa's rate was -220.1. Wisconsin ranked 35<sup>th</sup> among the 50 states and the District of Columbia.

### *Administrative Impact/Fiscal Effect*

- Senate Bill 9 would reduce estate tax revenues by approximately \$109 million from FY07 through FY09. It is estimated that the bill will reduce FY07 collections by \$30 million, attributable to the 33.3% reduction in the tax for deaths occurring in 2006. The bill will reduce FY08 collections by an estimated \$76 million, \$11 million attributable to the 33.3% reduction in the tax for deaths occurring in 2006 and \$65 million attributable to the 66.7% reduction in the tax for deaths occurring in 2007. The bill will also reduce FY09 collections by an estimated \$2.8 million, attributable to the 66.7% reduction in the tax for deaths occurring in 2007.

- Senate Bill 16 would reduce estate tax revenues by approximately \$165.5 million from FY06 through FY09. Collections will decrease by \$21 million in FY06, \$52.5 million in FY07, \$89 million in FY08 and, \$3 million in FY09.
- Senate Bill 35 would reduce estate tax revenues by approximately \$226 million from FY07 through FY09. Estate tax collections are expected to be \$122 million in FY07, \$130 million in FY08, and \$4 million in FY09. Therefore, the fiscal effect of this bill would be \$92 million in FY07 (collections in the final nine months of the fiscal year), \$130 million in FY08, and \$4 million in FY09.

*DOR Position*

- Oppose. The fiscal effects are significant and the Department continues to review the impact of the estate tax.

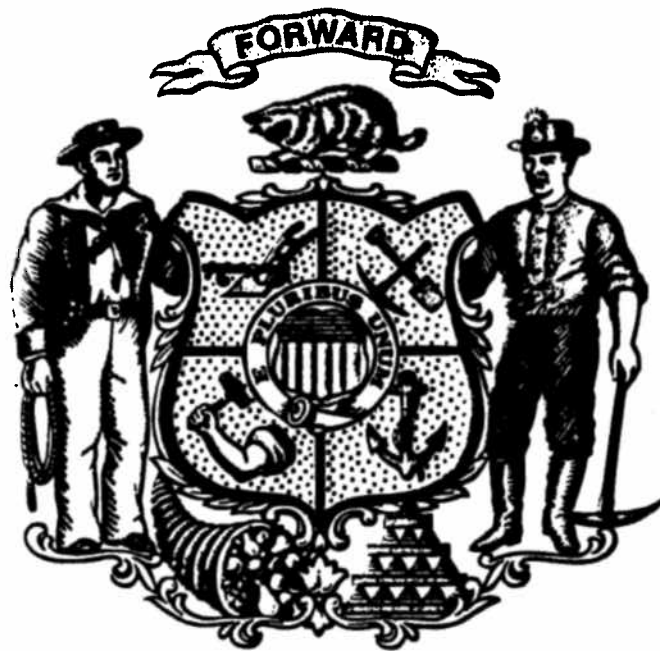
Prepared by: Kirstin Nelson, (608) 261-8984

April 13, 2005

KN:skr

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# Joe Leibham

**State Senator**  
**9th State Senate District**

**Testimony Submitted to the**  
**Senate Committee on Job Creation, Economic Development and Consumer Affairs**  
**Senate Bills 35 and 36**  
April 19, 2005

Thank you Chairman Kanavas, committee members and concerned citizens. I'm honored to be before you today and I thank you for your service to our great state.

While we like to believe that our seniors are moving to southern states just to get away from Wisconsin's cold winters, in reality that is just not the case. In fact, senior citizens are leaving our state to find warmer climates and to find relief from Wisconsin's high tax burden. If you have knocked on doors in your district, I'm certain you've heard that it has become more and more difficult for senior citizens to live in Wisconsin. Property taxes are ever on the rise, making it harder for seniors on fixed incomes to afford to live in the homes they've owned, in some cases, for decades. Wisconsin's overall tax burden has put the squeeze on pocketbooks that already have very finite resources.

That is why I am pleased to introduce Senate Bill 35, which repeals Wisconsin's Death Tax, and Senate Bill 36, which completely eliminates the state tax liability on Social Security income. Passing these bills into law would make it more attractive for seniors to live in Wisconsin.

Most states in our nation refuse to tax Social Security benefits, realizing this is an undue burden on our senior citizens. Wisconsin should follow this lead.

As a result of Wisconsin's Death Tax, grieving families who have just lost loved ones are forced to answer to the tax collector in the same week that they arrange their family member's funeral. This tax is especially onerous, validating claims that our government here in Wisconsin taxes citizens excessively in life AND in death.

We must improve the tax environment in Wisconsin so that our seniors and all of our citizens want to and choose to reside in our state. Our senior citizens are a valuable asset to our state. When they leave our state and become permanent, taxpaying residents in other states, we lose more than just their tax dollars. We lose their experience and their talents to help our fellow citizens and support their communities.

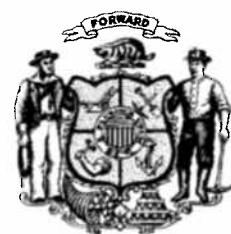
Please join those of us who have put forth proposals to end Wisconsin's Death Tax and the tax on Social Security income, as we seek to improve the tax environment for Wisconsin's seniors. This is a worthy investment that will improve our overall tax climate and inspire more citizens to remain in Wisconsin.

Thank you again for the opportunity to speak to you all today.

It is an honor representing the residents of the 9<sup>th</sup> District in the State Senate!



# WISCONSIN STATE LEGISLATURE



**TESTIMONY ON REPEAL OF THE ESTATE TAX**

**Steve Baas**

**Government Affairs Director, MMAC**

**April 19, 2005**

Good afternoon Mr. Chairman and members.

The MMAC is pleased to support SB 9, SB 16, and SB 35.

In 2002, the MMAC Board adopted a "Blueprint for Economic Prosperity." Our goal was to create an ongoing strategic vision to empower the metro Milwaukee area to compete more successfully in the global marketplace of the 21<sup>st</sup> Century. I have provided a copy of this Blueprint for committee members.

Our Blueprint was divided into five general areas: Education, Infrastructure, Health care, Diversity and Taxes.

One of the priorities in the taxes section was the elimination of the estate tax. SB 9, SB 16 and SB 35 all accomplish this goal. While our preference would naturally be complete elimination immediately, we understand the fiscal challenges facing the state and would support either of the bills that phase in estate tax elimination as well.

Our opposition to the estate tax, or "death tax" as some have called it is both philosophical and practical.

On a philosophical level we believe it is wrong to use the tax code to penalize economic success and prudent fiscal planning. As a state and as a society, we should be encouraging initiative and celebrating success not penalizing it.

On a practical level, at a time when Wisconsin should be trying to attract new jobs and new investment, the death tax creates a disincentive to companies locating their operations and especially their upper management jobs in our state. Further, at a time when we profess a concern over the "brain drain," maintaining a death tax provides just one more reason for high skilled individuals to take their skills, their creativity, their earning potential, and their wealth to other states.

Once again, the MMAC is supportive of these measures to eliminate the estate tax. From our standpoint, the sooner the tax is eliminated the better for Wisconsin citizens and Wisconsin's economy.

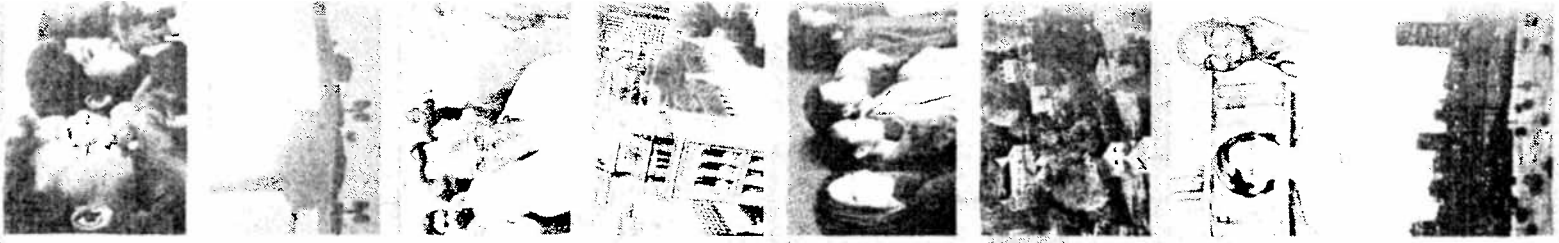
I'd be happy to answer any questions you might have.

###

**[www.mmac.org](http://www.mmac.org)**

756 North Milwaukee Street, Suite 400 • Milwaukee, Wisconsin 53202

*Phone (414) 287-4100 Fax (414) 271-7753*



**MVA**  
MILWAUKEE VALLEY ASSOCIATION  
OF REALTORS

State Board  
of Real Estate  
Commissioners  
1000 Wisconsin Street  
Milwaukee, WI 53233  
414-224-2200

## The Blueprint for Economic Prosperity

# LOOKING FORWARD ON OUR REGION'S PROGRESS

**Metropolitan Milwaukee Association of Commerce  
Advocacy • Economic Development • Networking**

*Serving member businesses in Milwaukee, Waukesha, Washington and Ozaukee counties*

*"The Metropolitan Milwaukee Association of Commerce has developed a strategy that will promote sustained economic growth throughout the region. Once implemented, this broad-based agenda will lead to greater prosperity for all metropolitan Milwaukee residents."*

- MMAC Board of Directors, 2002

*"We believe with the work of our community partners that the Blueprint for Economic Prosperity has been effective in directing efforts to those critical objectives that make a difference. This Scorecard shows both clear gains and remaining gaps that need closing if metro Milwaukee is going to achieve greater prosperity. We commit to continue this work."*



Above: Richard Abano  
Retired Chairman, Wisconsin Energy Corp.  
MMAC Chairman 2002-2004



Right: Dennis Kuestler  
President and CEO, Marshall & Ilsley Corp.  
MMAC Chairman 2004-2006

- MMAC Board of Directors, 2004



## DEAR COMMUNITY SHAREHOLDER:

The MMAC's Blueprint for Economic Prosperity outlines a set of strategies that will empower metro Milwaukee to compete successfully with other regional economies. We believe these initiatives will contribute to higher wage jobs, increased capital investment, more business starts, and a significantly improved quality of life for more of our citizens. It is our commitment to lead this effort.

The Association's Board adopted the Blueprint in 2002. This Scorecard on the Blueprint is dedicated to reporting the progress made against the key goals established. This report card has been created for both the shareholders of MMAC as well as the stakeholders of greater Milwaukee.

We have made great progress; we have much to improve upon; and we have more work to do.

Driven by the needs and aspirations of thousands of business leaders, owners, CEOs, and associates who are members of MMAC, we are committed to bringing resources and solutions as a community partner to five challenging issues: education, infrastructure, taxes, health care, and diversity.

Our role is not to point a finger; it is to extend a hand in pulling this region forward.

Our goal is not to produce a report; it is to provide leadership by taking action against the challenges facing the region.

Our commitment is not self-serving; it is to serve in the best interests of this community by building a strong economic foundation.

As you review this Scorecard on metro Milwaukee's progress, we encourage you to do so knowing that you can make a difference.



**Richard A. Abdo**  
Retired Chairman, Wisconsin Energy Corp.  
Chairman, MMAC 2002-2004



**Dennis J. Kuester**  
President and CEO, Marshall & Isley Corp.  
Chairman, MMAC 2004-2006



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TAXES - pg. 6

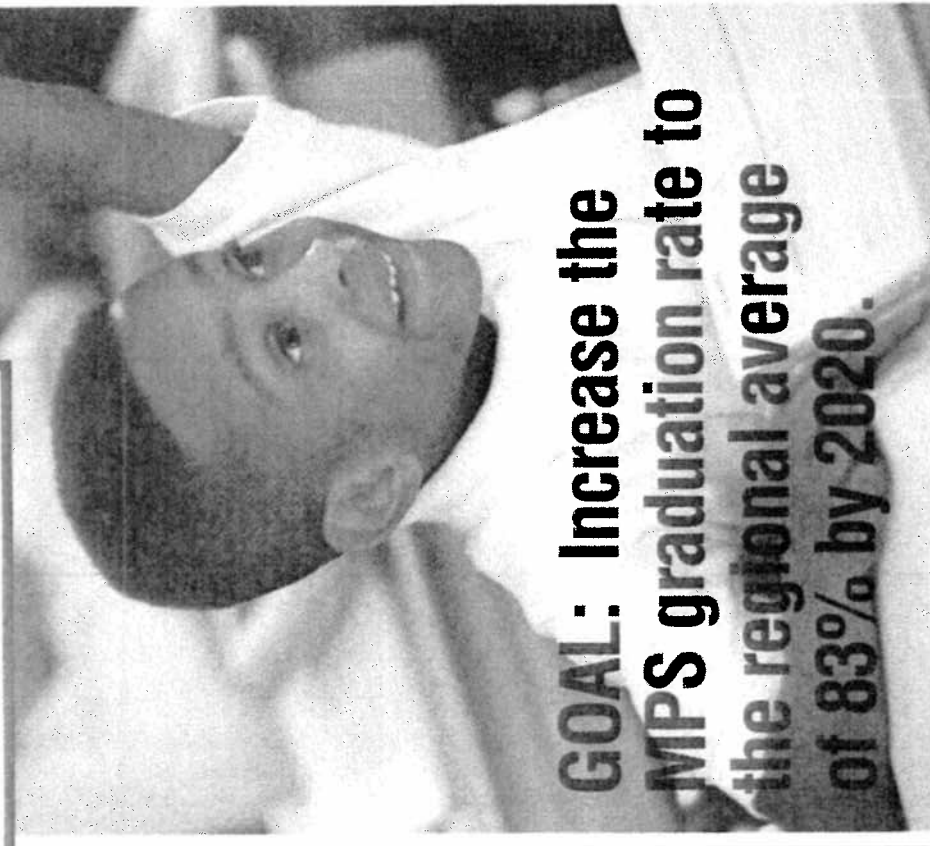


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# EDUCATION



**GOAL: Increase the to  
MPS graduation rate to  
the regional average  
of 83% by 2020.**

**A** system of schools delivering a high-quality K-12 educational experience remains this community's lever for raising the economic prosperity of our citizens. Attaining it remains an intense focus of the MMAC.

We continue to support the Milwaukee Public Schools system in its effort to engage in change, deliver better student performance, and raise the graduation rate of its students. Our support included funding and serving on the Milwaukee Partnership Academy, a coalition of the business community, universities, the school board, superintendent, and teachers union. This partnership is responsible for improving reading, writing, and math proficiencies by using innovations like learning teams in the schools.

In addition, MMAC was a leading sponsor and successful recipient of a \$17.2 million Gates Foundation grant to help MPS, Choice and Charter schools pursue the creation of smaller, more innovative high schools.

Our ongoing advocacy to improve the delivery of education and the success rate for low-income students continues to lead us in the direction of offering more educational choices to families. Parents in the city of Milwaukee have more quality options in public, private and parochial schools than in any major urban area.

The bottom line: MPS graduation rates and some test scores improved over the past two years. MPS needs more Student Achievement Guarantee in Education (SAGE) Program funding, and it needs to pull out of its death spiral of higher taxes and fewer teachers. We plan to work closely with MPS on its budget challenges.

Finally, choices for parents remain under threat as caps imposed on the number of participants in Choice and Charter schools threaten their future. Lifting these caps must be our top education priority.

## EDUCATION TEAM



Chair:  
**Robert O'Toole**,  
A.O. Smith  
Corporation

**Robert Bellin**  
Reinhart Boerner Van Duren SC

**Curt Culver**  
MIG Investment Corp.

**John Daniels, Jr.**  
Quarles & Brady LLP

**Ronald Goerger**  
American Appraisal Associates, Inc.

**Paul Greig**  
Bank One Wisconsin

**Paul Grunau**  
Grunau Company, Inc.

**Kate Herman**  
The Business Journal (YPM)

**Lucia Klebar**  
Lee Hecht Harrison Co

**Debbie Kramer**  
Assurant Health

**Warren Krennen**  
North Shore Bank

**Shirley Lanier**  
Formerly with Legacy Bancorp, Inc.

**Susan Mitchell**  
School Choice Wisconsin

**Keith Nosbusch**  
Rockwell Automation

**Paul Purcell**  
Robert W. Baird & Co., Incorporated

**Sister Joel Read**  
Alverno College, retired

**Paul Rohrer**  
Miller Brands-Milwaukee, LLC, retired

**John Steiner**  
Ace World Wide Group of Companies

**John Stollenwerk**  
Allen-Edmonds Sinc Corp.

**Paul Sweeney**  
P S Capital Partners LLC

**Ben Tracy**  
Marquette University (YPM)

**Timothy Sheehy**  
MMAC

**Devon Turner**  
MMAC



## KEY FACTS

- Presently there are about 89,000 individuals, 25 years of age or older, who have not graduated from high school or obtained a GED in the city of Milwaukee.
- Educational performance is an early indicator of the growing gap between black and white citizens. On a federal government math test, white fourth-graders from Wisconsin scored two points better than black eighth-graders, putting the two groups statistically even in their math ability.
- 88% of all MATC grads are employed within six months of graduation. 88% of associate degree graduates (two year program) are employed with an average salary of \$32,000. 82% of diploma grads (one year or less program) earn an average salary of \$25,891 and apprenticeship graduates (two years or more program) earn on average \$40,827 per year.
- Expenditures per student at MPS totaled \$9,283 for the 2000-2001 school year, ranking 3rd highest among comparable U.S. urban school districts and 15% higher than the \$8,098 average for these districts.
- More than 13,200 children participate in the Milwaukee Parental School Choice program; an additional 15,000 attend Charter schools under contracts with MPS, the city of Milwaukee, and UWM. Each of these unique education reforms is threatened by arbitrary caps placed on the number of children allowed to participate.
- In 2000, only 18% of Milwaukee residents had college degrees, compared to 27% for the average large city. Milwaukee, with 109,000 college graduates, would have needed 54,600 more to compare to the average U.S. large city in 2000.
- MPS has cut more than 1,000 positions in the last two years, including 630 teaching positions. Every dollar in wages paid now costs an additional 60 cents in benefits. Spending per student has risen in real dollars by 38% since 1990.
- Teacher salaries have remained capped by the Qualified Economic Offer (Q.E.O.) since 1994, however, with fringe benefits included, Wisconsin teachers rank 16th in total compensation.

## OBJECTIVE(S) 2002-2004

Increase the MPS graduation rate by five percentage points, from 55% to 60%, by 2006.

### INCREASE MPS GRADUATION RATE

100%

Increase the number of MPS students who score proficient or better on the fourth, eighth, and tenth grade proficiency tests by two percentage points per year to close the achievement gap (currently 20-30%) between MPS and the rest of the state.

### INCREASE PROFICIENCY TEST SCORES

75%

Reduce the percentage of MPS graduates who require remedial classes as UWM freshmen from 70% to the 33% average for students from other high school districts by 2020.

### REDUCE MPS STUDENTS NEEDING REMEDIAL COLLEGE CLASSES

Increase the number of MPS graduates retained or graduated after six years at UWM from 31% to 50% by 2010.

### IMPROVE GRADUATION RATE FROM UWM

Reduce the number of MPS teachers who leave the district before their 10th year of service by 20%.

### INCREASE THE NUMBER OF MPS TEACHERS WITH EXPERIENCE

Only 5% of MPS students attend MATC directly after high school. Increase this number to 10% by 2004.

### INCREASE MATC ATTENDANCE AFTER HIGH SCHOOL

100%

Maintain current level of funding for Choice & Charter schools.

### MAINTAIN CHOICE & CHARTER FUNDING

100%

## RESULTS

MPS graduation rate for 2001-2002 reached 60%; 2002-2003 - 61%. At this graduation rate, based on enrollments, we could see an additional 650 graduates over a four-year period.

Most proficiency test scores increased 2.5 percentage points or more. 40% of all MPS elementary schools are within 90% or better of the statewide average in reading and math, up from 18% two years earlier. The percentage of third-graders reading at or above their grade level rose from 50% in 2000 to 66% in 2004.

MPS graduates entering UWM requiring remedial classes increased from 69% in 2000 to 81% in 2003.

Only 29% of MPS students entering UWM as freshmen have graduated or are still enrolled; compared to 50% for other high school students.

Teachers leaving MPS with less than 10 years of service increased 9.5% from 283 in 2002 to 310 in 2004. (More study needed.)

After an aggressive recruiting effort by MATC, 18% of MPS graduates attended MATC degree programs after graduation in 2002-2003 and 18.4% attended in 2003-2004.

Funding untouched by legislative action.

## OBJECTIVE(S) 2004-2006

Increase graduation rate to 63.5% by 2006 to keep pace with the goal of reaching the regional average of 83%.

Work toward closing the gap between MPS and the rest of the state by increasing proficiency gains by 2.5 percentage points. Raise elementary school performance by 10 percentage points in reading and math. Increase third grade reading comprehension scores from 66% to 70%.

Reduce from 81% to at least 75% the number of MPS graduates requiring remedial classes by 2006 to keep pace with our goal of reaching 33% by 2020.

Increase the number of MPS students graduating or retained from 29% to 35% in 2006, to keep pace with the goal by 2010.

Work with MPS and MTEA to better understand issues impacting teacher retention like school leadership, involvement in decision making, mentoring, wages and benefits, and recognition.

Maintain 18% and work toward 20% by 2004-2006.

Eliminate the Legislature's imposed cap of 15,000 on the number of Choice students. Remove caps on Charter schools in MPS and the city.

# INFRASTRUCTURE



**GOAL: Develop a  
robust infrastructure  
that supports  
economic growth.**

## INFRASTRUCTURE TEAM

<b>Chairman</b> John J. ...	<b>Chairman</b> John J. ...
<b>Vice Chairman</b> ...	<b>Vice Chairman</b> ...
<b>Members</b> ...	<b>Members</b> ...

**M**MAC's goals of strengthening a regional agenda for transit infrastructure investments met with mixed success. The major focus was on the regional rail and bus rapid transit (BRT) program, which has been a long-term goal of the region. The BRT program is a key component of the region's long-term transportation plan and is expected to be a major driver of economic growth in the region. The BRT program is a key component of the region's long-term transportation plan and is expected to be a major driver of economic growth in the region.

Roads, while the main conduit for goods and services, are part of a comprehensive regional transportation needs. To explore transit options, we have aggressively pursued the completion of a comprehensive study on a downtown connector system as the next generation of mass transit. The local funding necessary to release federal funds for the study were successfully raised. We have also been a vocal advocate for the completion of the Kenosha-Racine-Milwaukee commuter rail study, a critical first step in this project.

Air service is another important component of our region's asset base. With air travel reaching all-time highs, we focused on supporting the viability of Midwest Airlines through a business ticket package, urging the County to help finance their hangar facilities, and lobbying for a competitive tax climate for our locally headquartered airline. We are continuing to pursue a regional airport authority and plan to introduce legislation on this early next year.

A final component in this agenda is robust telecommunications infrastructure. IMMAC will continue to advocate for a regulatory environment that encourages market-driven, private-sector investment in telecommunications.

<b>Chairman</b> John J. ...	<b>Chairman</b> John J. ...
<b>Vice Chairman</b> ...	<b>Vice Chairman</b> ...
<b>Members</b> ...	<b>Members</b> ...

## KEY FACTS

- The region's freeways and interchanges will reach the end of their useful lives over the next 15 years while use is expected to grow 40% by 2020. The Marquette and Zoo Interchanges serve about 60% of the state's truck traffic.
- \$6.2 billion is needed to fund Southeastern Wisconsin freeway projects over the next 20 years.
- Metro Milwaukee's average daily commute time ranks second lowest among 15 comparable metros — an economic development advantage for the region.
- Milwaukee is the only major metro area in the top 15 that does not have a dedicated funding source for mass transit.
- There is ample competition among Wisconsin's telecommunication providers, with more than 50 landlines, cable and wireless providers.
- By 2010, Southeast Wisconsin will need an additional 4,000 megawatts of electric power, which will ultimately require eight new power plants (inclusive of the ones approved), plus additional transmission capacity.
- Mitchell International Airport ranks near the median for non-stop destinations vs. 15 comparable metro areas, but the number of people flying to these destinations is growing faster than at comparable cities. Despite serving a broad regional constituency, Milwaukee County continues to maintain sole oversight of the airport.
- Before the Deep Tunnel, there were 50-60 sewage overflows per year; now there are 2-3 on average.

## OBJECTIVE(S) 2002-2004

### RESULTS

Secure adequate funding for the Marquette Interchange.

\$405 million has been budgeted through 2004 (50% of the total cost); contracts for the first major phase have been let, and mitigation information/actions are under way.

### SECURE ADEQUATE FUNDING FOR THE MARQUETTE INTERCHANGE 50%

Extend Canal Street to the Stadium Freeway to promote development in the Menomonee Valley.

Work has begun to reconstruct Canal Street to 25th Street, where a roundabout will connect it to a new segment of road that will continue to Miller Park.

### EXTEND CANAL STREET WEST TO MILLER PARK 45%

Establish an airport authority for Mitchell International Airport to make decisions based on its regional constituency.

Legislation has been drafted to create an airport authority.

### CREATE AN AIRPORT AUTHORITY FOR MITCHELL INTERNATIONAL AIRPORT 35%

Complete a comprehensive study of a downtown connector system to determine its merits in a regional transportation plan.

The first phase of the connector study was completed and \$300,000 in local funding was raised to match \$2.7 million in federal funding to complete Phase Two.

### COMPLETE A STUDY OF THE CONNECTOR SYSTEM 75%

Establish commuter rail service in the Kenosha-Racine-Milwaukee corridor. Improve the speed and frequency of Amtrak connections between Milwaukee and Chicago and add Madison.

A study was completed by the Southeastern Wisconsin Regional Planning Commission and \$400,000 was approved by the state for preliminary engineering of commuter rail.

### ESTABLISH COMMUTER RAIL SERVICE BETWEEN KENOSHA, RACINE AND MILWAUKEE 20%

Encourage the Public Service Commission to adopt the Power the Future plan proposed by We Energies.

The Power the Future plan that was adopted will provide four new power plants for our region. Ongoing lobbying efforts for additional transmission capacity continue.

### GAIN APPROVAL FOR THE POWER THE FUTURE ENERGY PLAN 100%

Gain approval for SBC Aeriotech's application to provide long-distance service.

SBC received approval to provide long-distance service. Future efforts must now turn to advocating for fairness in the wholesale rates the PSC sets for rental of the telecommunications network.

### INCREASE COMPETITION FOR LONG-DISTANCE SERVICE 100%

## OBJECTIVE(S) 2004-2006

Ensure the appropriation of \$405 million still needed in the next biannual budgets. Ensure that work proceeds on budget and that the interchange will operate a 24-hour, 7-day per week reconstruction schedule, with lanes always available east-west and north-south.

Complete the \$28 million Canal Street project by the end of 2006.

Introduce and aid in the passage of the legislation to establish an airport authority.

Complete the second phase of the connector study (environmental impact) by March 2005; define the locally preferred option; and determine if the project should move forward.

Complete a preliminary engineering analysis of the commuter rail line so a yes/no build decision can be made. Support the Amtrak budget to allocate \$281 million for improved rail service between Milwaukee and Chicago and an expansion to Madison.

### ADDITIONAL OBJECTIVES:

- Work with the Partners for Clean Air, a group of approximately 300 local employers to seek ways to reduce air pollution through non-regulatory means
- Engage local elected leaders to develop a regional water sever use plan that supports our metropolitan growth

Advocate for timely regulatory decision on petitions aimed at removing unnecessary regulation. Oppose the use of taxpayer dollars to compete with private sector investments in telecommunications.



# TAXES

## GOAL: Move Wisconsin off the "Top Ten" Tax list by 2008

**G**etting Wisconsin out of the top ten taxed states in the U.S. is a goal that we believe will help create jobs and economic prosperity. High taxes, particularly at the individual income and property tax levels, continue to impact business location and growth decisions.

Our goal will only be accomplished by a steady drumbeat to keep government spending in line with our ability to pay and by making transparent the taxing and spending decisions of state and local governments. MMAAC played its role in beating this drum at the state, county, and city levels. We supported a state budget that did not raise taxes (and our ranking dropped from 3rd highest to 6th). However, the next state budget faces equally challenging spending decisions. The beat of slower spending growth must go on, and we commit to playing our part at all levels of government. We need to blow the horn for elected officials and legislators willing to make these sound fiscal decisions.

MMAAC will continue to look at areas of state and local tax policy that can be used to promote economic growth. We must pursue tax changes to improve early stage "seed" investment in business start-ups, eliminate the personal property tax, pursue a strategy for Regional Tax Base Growth Sharing to drive regional economic development. We must also fund necessary regional assets, phase out the estate tax that is chasing billions of dollars out of Wisconsin, and promote the use of the earned income tax credit to draw federal dollars to low-income residents. Finally, we will also pursue the adoption of a "Rainy Day Fund" to level out the impact of economic downturns that drain state budgets, and the upturns that spark higher state spending.

Government services, and those providing them at the state and local levels, are an important part of what makes metro Milwaukee a great place to live, work and play. We recognize the need to balance the difficult choices of taxes and spending and believe we can achieve this goal.

### TAXES TEAM



Chair:  
**Thomas Spero,**  
Deloitte &  
Touche LLP

**Steven Balistreri**  
Sun Cleaning Systems, Inc.  
**David Baungarten**  
Associated Bank S.E.

**Chris Chiupp**  
Robert W. Baird & Co.,  
Incorporated (YPM)

**Gregg Eisenhardt**  
Good Electric Co.

**James Ericson**  
Northwestern Mutual, retired

**Carl Hebron**  
Northwestern Mutual (YPM)

**Michael MacDonald**  
Carson Pirie Scott & Co.

**Jere McGaffey**  
Foley & Lardner, partner emeritus

**William Mielke**  
Ruekert & Mielke, Inc.

**Christopher Rehnoltz**  
Christopher Morgan LLC

**Wayne Staats**  
eSupport Solutions, LLC

**Timothy Tucker**  
Air Engineering Inc.

**Noel Williams**  
Williams CPA LLC

**Nathan Elias**  
MMAAC

**Thank you to WMC for providing ongoing statewide leadership in keeping Wisconsin taxes in check.**

**Special thanks to Todd Barry and the Wisconsin Taxpayers Alliance for being an invaluable resource.**

**KEY FACTS**

- According to the U.S. Census Bureau, Wisconsin has been on the top 10 tax list every year since 1962 except 1968 and 1988, and has been among the five highest taxed states every year since 1991.
- Wisconsin's two highest taxes remained the property tax (27% above the U.S. average) and the individual income tax (34.5% above the U.S. average).
- If state and local governments in Wisconsin spent at the U.S. average, the state's tax burden would be reduced by \$2.4 billion. In many key areas, Wisconsin exceeds U.S. spending averages by 20% or more.

- Wisconsin ranks 49th in the per capita amount of federal tax dollars returned to the state. If Wisconsin received the national average of 3.75% of personal income, an additional \$340 million could be used to fund the state's economy. Per the most recent U.S. Census Bureau data, Wisconsin gets back \$.89 for every dollar we pay to the federal government.
- 60% of all taxes collected in Wisconsin are collected by the state government, while 60% of the taxes collected are spent by local governments.

**COMMITTEES 2002-2004**

**RESULTS**

**OBJECTIVE(S) 2004-2006**

Reduce Wisconsin off the "Top 10" Tax list

The Washington, D.C.-based Tax Foundation ranks us 6th in the nation as of 2003, down from 3rd in 1999.

Reduce the tax burden from 6th to 9th in the nation by 2006 to keep in pace with the goal for 2008. MMAC will continue to advocate for government spending at or below the rate of inflation.

Increase the number of new business starts by changing the state's tax code to encourage venture investment and "angel" financing opportunities.

SB 261, signed into law as Wisconsin Act 255, created early seed-stage investment credits and "angel" investment credits for those individuals providing private funding at this stage of the business cycle.

Lobby for a comprehensive package at the state level that includes further financial incentives for early stage private investment, increase money at the state and local levels to assist in business start-ups, expansions, and relocations.

**ATTRACT INVESTMENT IN NEW BUSINESSES STARTS**  
25%

Actively lobby against the implementation of Combined Reporting taxation for multi-state corporations.

Despite attempts by the Wisconsin Department of Revenue to "legislate through audit," implementation of Combined Reporting legislative efforts have so far been blocked.

Stop the implementation of Combined Reporting, which would require Wisconsin businesses to include related income from out-of-state entities in their overall taxable income. This would amount to a \$98 million tax increase.

**ELIMINATE COMBINED REPORTING**  
100%

Eliminate the personal property tax which does not exist in any of the states bordering Wisconsin. Current revenue from this tax is \$2.1 million.

A Legislative Reference Bureau draft of a proposal to eliminate the personal property tax was submitted to committee, but never taken up as a bill.

Exempt tangible assets and equipment from the personal property tax. Protect current exemptions. Requiring businesses to pay taxes on personal property provides a disincentive to grow and expand.

**ELIMINATE THE PERSONAL PROPERTY TAX**  
5%

Eliminate barriers to regional economic development created by the tax structure at state and local levels.

MMAC chaired the Governor's Task Force on State and Local Government. The Task Force's top recommendation was to institute **Regional Tax Base Growth Sharing** in regions throughout the state. This removes competition among neighboring communities on business expansions and relocations and allows the communities to work together as one regional economy.

Facilitate **Regional Tax Base Growth Sharing** in Milwaukee and Waukesha counties. Actively lobby for changes in state law that present barriers to this program and competition between neighboring communities. Continue to advocate for consolidation of local government functions that result in more efficient delivery of services and cost savings.

Repeal the Wisconsin estate tax provision and follow the federal phase out of the estate tax. SE Wisconsin lost \$1.4 billion in personal income to out-migration from 1993-2000.

Continue to push for the elimination of the estate tax in Wisconsin. Since the phase out of this tax at the federal level, Wisconsin is one of the few states to impose an estate or death tax.

**FOLLOW FEDERAL PHASE OUT OF ESTATE TAX**  
10%

Phase in the single-sales-factor tax apportionment by 2005, which would reduce corporate taxes annually by \$80 million

Senate Bill 187, signed into law as 2003 Wisconsin Act 37, makes the corporate income tax apportionment based on sales. It will be fully implemented by 2008.

**ADDITIONAL OBJECTIVES:**

Lobby for legislation that reforms the state government's "Rainy Day Fund" to be fully phased in by the 2009-2011 state bi-annual budget that increases the amount of money in the fund and narrows the circumstances in which the fund may be used.

**IMPLEMENT SINGLE FACTOR SALES TAX**  
100%

# HEALTH CARE



**GOAL: Make our region a leader in developing private sector solutions to the challenge of health care cost containment while preserving quality.**

The rising cost of health care is the number one business concern for MIMAC members. Public sector budgets are bursting under the burden. At the same time, the region is recognized for the superior quality of its health care providers and institutions.

There is a broad range of opinions on the causes of high health care costs, and a clear tension over the solutions. Two years ago, MIMAC brought together providers, employers, insurers, and practitioners to grapple with this issue. The Health Care Team has devoted its time to exploring this complex problem and reviewing numerous proposals to control costs.

It's obvious there isn't one simple solution. And it's just as obvious that providers, employers, consumers and government must all be involved.

Based on the factors that drive health care costs, we recommend a four-pronged approach.

- Employers must change the way they purchase health care, demand reliable cost and quality information from providers and offer employees incentives to make informed health care decisions.
- Consumers must accept some financial accountability and take personal responsibility for the lifestyle choices that contribute to 70% of all disease in the U.S.
- Providers must invest in systems to improve quality, prevent errors and ensure appropriate utilization of services.
- Government must tackle the inequities of Medicare and Medicaid reimbursement and the problem of the uninsured, whose cost of care is subsidized by employers and other paying consumers.

We are encouraged by and strongly support the private sector initiatives that are addressing quality improvement, giving employers new design and purchasing options, offering consumer-driven insurance plans and lifestyle and wellness programs, and developing technology that will make cost and quality information more readily available. MIMAC will post a list of member companies and organizations that provide these services on its web site.

When the Blueprint was published in 2002, Milwaukee had outpaced the U.S. average increase in health care costs in seven of the last 10 years. Employers here continue to pay health care costs that exceed the national average. There is evidence the gap is closing, but we need, and intend to pursue, a more reliable benchmark to track progress.

## HEALTH CARE TEAM



Greg P. Mahoney  
Mahoney Park Bank



David "Dick" Hillman  
T.F. Brennan Company

Barbara Baade  
The Flex Company of America Inc.

Richard Blomquist  
Blomquist Benefits LLC

Leo Bridger  
Columbus, St. Mary's Inc.

Paul Dell Uomo  
Covenant Healthcare System, Inc.

Stacy Gaetzman  
Munsey-Dawson, Inc. (YPM)

Peter Gottsacker  
Washco Inc.

Michael Herro  
GS/Geo-Synthetics Inc.

Robert Hillis  
Direct Supply, Inc.

Reginald Hixson III  
The Village at Manor Park

Leif Hoch  
(YPM)

David Hoover  
Heart Hospital of Milwaukee

G. Edwin Howe  
Aurora Health Care

David Kliber  
S-F Analytical Laboratories Inc.

Rob Loneragan  
Advanced Healthcare, S.C.

Stephen Marcus  
The Marcus Corporation

Dr. Eugene Monroe  
Advanced Healthcare S.C.

William Petastack  
Froedert Hospital and Froedert & Community Health Systems (F&CH)

Joseph Prute  
Layton Fruit Market

Jon Rausser  
The Rausser Agency, Inc.

Connie Roethel  
Roethel & Associates Inc.

John Torinus  
Sengraph Inc.

Kim Verheem  
Church Metal Spinning Co. Inc.

James Wiggdale  
Marshall & Hisey Corp.

Jane Wood  
Community Health Charities of WI

Gary Zimmerman  
Creative Business Interiors Inc.

Mary Ellen Powers  
MIMAC

\* Professional Consultants Representative



## KEY FACTS

### Health Care Costs

- From 1992 to 2001, Milwaukee's cumulative increase in health care costs, as measured by the CPI, was 53% vs. 44% nationally.
  - Health care costs in the Milwaukee area are significantly higher than national averages. Depending on the study and the data used, they range from 25% (Flicker) to 27% (GAO) higher.
- ### Lifestyle Factors
- 70% of all diseases in the U.S., and 50% of mortality, has preventable, lifestyle-related causes.
  - 90% of people with severe heart disease have one or more of the classic risk factors: smoking, diabetes, high cholesterol, high blood pressure.
  - Chronic diseases (5% of population) account for 30% of health care costs. Catastrophic care (1%) accounts for 24%.

- The annual cost to U.S. companies for health care related to lifestyle choices exceeds \$450 billion. Alcohol, tobacco and other drug use - \$100 billion annually; obesity-related illnesses - \$93 billion annually; job-related stress - \$200-300 billion annually.

### Patient Safety and Quality

- Preventable errors by providers are the 5th leading cause of death in the U.S., according to the Institute of Medicine.
  - A study by The Midwest Business Group on Health estimates that 30% of health care costs nationally can be attributed to poor quality care, high administrative costs of an overly complex payment system, medical interventions with questionable benefits, and waste.
- ### Consumer Costs
- Employees pay, on average, 15% of total health care costs, down from 40% in 1980. There are no patient, or provider, incentives to factor value (price and quality) into health care decisions.

## OBJECTIVE(S) 2002-2004

Make our region a leader in developing private sector solutions to the challenges of health care quality and cost containment.

## RESULTS

### PRIVATE SECTOR RESPONSES

**Lifestyle and Wellness Programs**, which offer services such as health risk assessments, behavior modification programs, consumer education, information and data analysis, are increasingly available from local providers. Employers using these services have documented a return on investment in the \$3 to \$6 range and are experiencing smaller than average annual cost increases.

**Consumer-Driven Health Care Plans** are giving employees a financial stake in their health care decisions. Examples include tiered-networks, narrow networks, high-deductible plans with HSA's, and Maximum Allowable Charge (MAC) plans.

**Safety and Quality Programs** initiated by local providers are increasing efficiency, reducing preventable errors and making cost and quality information available to consumers.

**Transparent Quality and Cost Information**, critical to informed consumer choice, is in the early stages of development by providers and private companies. Some providers are voluntarily releasing data on quality "benchmarks," and private companies have developed web sites and software that will give employers and consumers on-line access to quality and price information.

Bring the annual increase in health care costs, as measured by the CPI, to levels at or below the U.S. average.

### BRING MILWAUKEE IN LINE ON HEALTH CARE COSTS

#### Unsatisfactory Indicator

Convene the key players (providers, insurers, consumers and employers) to identify and implement cost-containment strategies.

### CONVENE KEY HEALTH CARE PLAYERS

Pursue a more equitable reimbursement formula for Medicare and capture additional Medicaid reimbursement for hospitals that serve an above average share of low-income patients.

### PURSUCE EQUITABLE MEDICARE/MEDICAID FORMULA

No gain

## OBJECTIVE(S) 2004-2006

Make our region a leader in developing private sector solutions to challenges of health care cost containment and quality improvement.

- Educate employers and employees about advantages of lifestyle programs.
- Encourage implementation of consumer-driven health care plans.
- Support Safety & Quality Initiatives by local providers, thereby improving value to consumers.
- Increase transparency of and easy access to cost and quality data for consumers.

Select a reliable way to benchmark Milwaukee's progress against other cities and the nation on key cost, performance and quality measures.

Convene key players to explore major reform in the delivery and financing of health care, including:

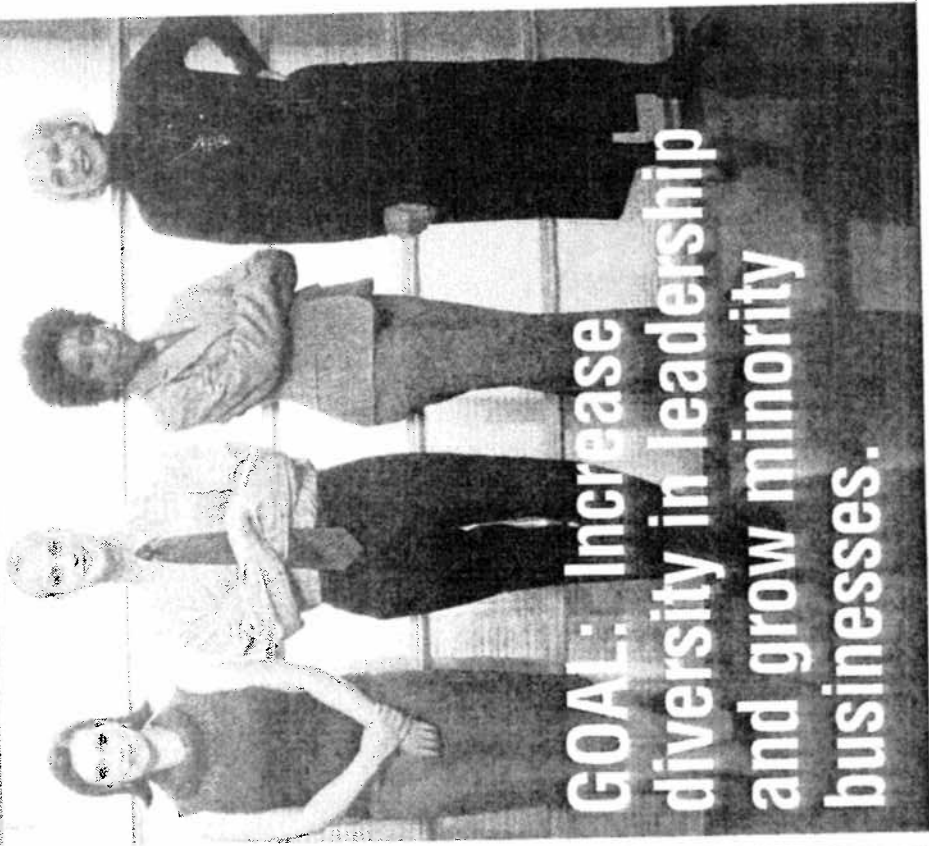
- Focus on total cost and quality of care vs. unit cost
- Feasibility of community ratings
- Innovative ways to finance catastrophic cost

Continue to pursue a more equitable reimbursement formula for Medicare and a broader base of funding for the uninsured

55%

The Medicare reform bill passed by Congress in 2003 made some minor changes that had a small favorable impact on Wisconsin. Changes to the reimbursement formula were not considered. MIMAC is working with Milwaukee County government and area hospitals to preserve funding for the General Assistance Medical Program (GAMP), which generates matching federal funds.

# DIVERSITY



**GOAL: Increase diversity in leadership and grow minority and grow minority businesses.**

The old adage asks, "You can talk the talk but can you walk the walk?" This is a fair question to raise for greater Milwaukee in the area of diversity. While we have made some modest gains over the past two years, Milwaukee remains at 76% of the national average for minorities in management positions and 94% for women. Milwaukee also ranks near the bottom of peer cities in the health of minority-owned businesses.

Increasing the ranks of women and minorities in leadership and improving the overall rate of minority firms will allow companies to reflect the customer base they are serving and increase the economic prosperity of the entire region.

Through The Business Council, Inc., MMAC launched a supplier diversity network to match minority businesses with larger corporations. The result was \$3 million dollars in new business for the minority firms. In 2004-2006, we will work to increase this amount to \$6 million and increase the number of majority and minority companies participating.

MMAC also supported Milwaukee Women Inc. in their groundbreaking work to benchmark the participation of women in corporate boards and leadership positions. Studies support the finding that companies with diverse leadership are more profitable. Together, our goal is to raise the number of board seats held by women to 13% and the number of female officers to 15%.

MMAC has consciously diversified the Association's board. Of the 30 new directors elected and appointed since 2002, 43.2% are women or minorities — raising the overall board composition from 14% to 24%.

Young Professionals of Milwaukee, a service of the MMAC, grew its ranks to 3,600 from more than 350 companies, with a core leadership that reflects its diverse membership. YPM engages young talent and addresses the issues of diversity through innovative programming at its Cafe Mosaic series of events.

Finally, MMAC is committed to working together with IDEAL, the Institute of Diversity, Education and Leadership, to ensure that area groups collaborate, not compete, on diversity initiatives. The MMAC recognizes we have a lot more walking to do, but we plan to stay focused on delivering measurable gains that will grow participation in our regional economy.

## DIVERSITY TEAM



Cheryl Joseph Tucker  
Vice President  
Services, Inc.

Larry Anderson  
Dedicated Company  
Any Babiste  
USWA Milwaukee Center  
Executive Director  
William Heiser  
Charles Foxworth  
& Associates, Inc. (CFAA)

Carla Cross  
Cross Management Services, Inc.  
Ralph Dager  
Business Equipment, Inc.  
Michael Dunham  
Wentworth, Inc.  
Jerry Farnoff  
Veeva Group

Paul Grant  
Bright Communications (PBC)  
Mac Killebrew-Mesley  
Giggs & Stratton Corporation  
Robert Krati  
Operast LLC  
Reginald Layton  
Jefferson County, Inc.

Douglas Mackell  
Mackell Associates, Inc.  
Jill Moran  
Kumar Shah  
Peter Sommerhauser  
Gentry & Kean, S.C.  
Linda Stephenson  
Gosselink Consulting

Julie Taylor  
Cedar Milwaukee Community  
Suey Tran  
Jefferson County, Inc. (JCO)  
Shelley Jurewicz  
MMAC  
Devon Turner  
MMAC



## KEY FACTS

- Sales receipts generated in all minority-owned businesses per 100,000 minorities ranked Milwaukee 3rd lowest among 15 comparable metro areas in 1997.
- 78% of businesses owned by African American women are still in business after seven years, ranking Wisconsin third in the nation for their business survival.
- Only 9% of the board seats in Wisconsin's top 50 publicly-traded companies are held by women, compared to 14% of the board seats of the Fortune 500.
- Metro Milwaukee's 2002 black unemployment rate of 17% ranked highest among the 11 comparable metro areas for which rates were available.
- For 1997, the rate of minority-owned businesses with employees per 100,000 minority population was ranked lowest among 15 comparable metro areas.
- 2001 Hot Jobs Cool Community research shows that employees from Gen X & Y view diversity as a key attractor in a professional setting and a community.
- Demographic trends indicate by the year 2010, 70% of the incoming workforce will be women and educated individuals among the nation's other 50 largest cities.
- Milwaukee needs a yearly net gain of 5,300 through 2020 to reach average city status of college-educated individuals among the nation's other 50 largest cities.

## OBJECTIVE(S) 2002-2004

## RESULTS

## OBJECTIVE(S) 2004-2006

Increase dollar amount spent with minority firms through a pilot Supplier Diversity Module. Required 10 majority firms and 16 minority firms participating in the module.

\$3 million in new business was spent in the module. The module attracted six corporations and 10 minority-owned businesses (MBE). One corporation started its own in-house module.

Launch second Supplier Diversity Module. Attract 10 corporations and 15 MBEs for a total spend of \$6 million.

### INCREASE NEW DOLLARS SPENT WITH MINORITY FIRMS

### INCREASE PARTICIPANTS IN MODULE

68%

Increase the number of managerial positions held by women from 7.2% to at least the national average of 7.7%.

The proportion of managerial positions held by women increased to 7.4%, trailing the national average of 7.9%. Milwaukee held its position but gained no ground. Managerial positions held by women was 94% of the national average.

Close gap on national average by working with variety of groups including: GMC/MMAC CEO Diversity Task Force, Milwaukee Women Inc., and the MMAC membership.

### INCREASE THE NUMBER OF WOMEN IN MANAGEMENT TO NATIONAL AVERAGE

No gain

Increase the number of minorities in management positions from 3.9% to at least the national average of 5.3%.

Managerial positions held by minorities increased to 4.2%, making a 7% gain on the national average of 5.5%. The proportion of managerial positions held by minorities was 76% of the national average.

Close gap on national average by working with variety of groups including: GMC/MMAC CEO Diversity Task Force, IDEAL, the Initiative for a Competitive Inner City, The Business Council, Inc., and the MMAC membership.

### INCREASE THE NUMBER OF MINORITIES IN MANAGEMENT TO NATIONAL AVERAGE

7%

Work with Milwaukee Women Inc. to benchmark the number of women in corporate leadership.

Milwaukee Women Inc.'s benchmarking study found that 9% of board seats and 12% of chief executive positions are filled by women at Wisconsin's top 50 publicly traded companies

Continue to benchmark and promote companies that are making gains. Increase board representation from 9% to 13% and officer percentage from 12% to 15%.

### BENCHMARK WOMEN IN LOCAL CORPORATE LEADERSHIP

100%

Ensure YPM's leadership and volunteer base reflects the demographic make-up of the region by forging relationships with its Mosaic Council Partners and diversifying programming, including Mosaic Gates and Service Circuit.

YPM currently works with 167 volunteers representing 3,600 members. 55% are women and 23% are minorities.

Further diversity YPM's membership to reflect the demographic make-up of the region by advancing YPM's Creative Co-Op initiative

### ENSURE THAT THE LEADERSHIP OF YPM REFLECTS THE GROUP'S DIVERSE MAKE-UP

100%

# MMAC Board of Directors

2002 - 2004

<b>Richard Abdon</b> MMAC Chairman 2002 - 2004 Wisconsin Energy Corp.	<b>Ulice Payne, Jr.</b> Addison Clifton LLC	<b>Curt Culver</b> MGIC Investment Corp.	<b>Douglas MacNeil</b> MacNeil Associates, Ltd.
<b>James Ericson</b> MMAC Chairman 2000 - 2002 Northwestern Mutual	<b>Paul Roller</b> Miller Brands-Milwaukee, LLC	<b>Ralph Deger</b> Bushman Equipment, Inc.	<b>Kenneth Manning</b> Sensient Technologies Corp.
<b>VICE CHAIRS</b>	<b>Steven Smith</b> Journal Communications, Inc.	<b>Paul Dell Uomo</b> Covenant Healthcare System, Inc.	<b>Jill Morin</b> Kahler Slater
<b>David Baumgarten</b> Associated Bank S.E.	<b>Thomas Sporo</b> Deloitte & Touche LLP	<b>Michael Dunham</b> WorkWise, Inc.	<b>Keith Nosbusch</b> Rockwell Automation
<b>Steven Balistreri</b> Sun Cleaning Systems, Inc.	<b>John Steiner</b> Ace World Wide Group of Companies	<b>James Forbes</b> Badger Meter, Inc.	<b>William Palasnick</b> Froedtert Hospital and Froedtert & Community Health Systems (F&CH)
<b>Jeffrey Bleustein</b> Harley-Davidson, Inc.	<b>Joseph Tucker</b> Victory Personnel Services Inc.	<b>Ronald Goergen</b> American Appraisal Associates, Inc.	<b>Andrew Randall</b> U.S. Bank Wisconsin
<b>John Daniels, Jr.</b> Quarles & Brady LLP	<b>James Wigdala</b> Marshall & Ilsley Corp.	<b>Paul Greig</b> Bank One Wisconsin	<b>Nancy Sennott</b> Foley & Lardner
<b>Timothy Hoeksema</b> Midwest Airlines, Inc.	<b>Timothy Sheehy</b> MMAC	<b>Robert Hillis</b> Direct Supply, Inc.	<b>John Shiely</b> Briggs & Stratton Corporation
<b>John Howman</b> Raffel Comfort Sciences, LLC	<b>Mary Ellen Powers</b> MMAC	<b>Joseph Hogan</b> GE Healthcare	<b>Peter Sommerhauser</b> Godfrey & Kahn, S.C.
<b>G. Frederick Kastler, Jr.</b> Robert W. Baird & Co., Incorporated	<b>DIRECTORS</b>	<b>G. Edwin Howe</b> Aurora Health Care	<b>Linda Stephenson</b> Goodwill Foundation
<b>James Keyes</b> Johnson Controls, Inc.	<b>Med Bechthold</b> Payne & Dolan, Inc.	<b>Robert Kraft</b> Open/rst, LLC	<b>John Stollenwerk</b> Allen-Edmonds Shoe Corp.
<b>Fred Luber</b> Super Steel Products Corporation	<b>William Beckett</b> Chrysalis Packaging & Assembly Corporation (CHRYSPAC)	<b>Dennis Kuester</b> Marshall & Ilsley Corp.	<b>Yash Wadhwa</b> Larsen Engineers, S.C.
<b>P. Michael Mahoney</b> Park Bank	<b>Robert Bellin</b> Reinhart Boerner Van Duren SC	<b>Paul La Schiazza</b> SBC Wisconsin	<b>Kerry Woody</b> Ladish Co., Inc.
<b>Stephen Marcus</b> The Marcus Corporation	<b>Leo Brideau</b> Columbia-St. Mary's Inc.	<b>Shirley Lanier</b> Formerly with Legacy Bancorp, Inc.	<b>Edward Zore</b> Northwestern Mutual
<b>Daniel McKeithan, Jr.</b> Tamarack Petroleum Co., Inc.	<b>Julie Buchanan</b> Buchanan & Barry, S.C.	<b>J. Lanier "Lanny" Little</b> Wells Fargo Banks - Wisconsin/Illinois/Michigan	
<b>John Mellows</b> Charter Manufacturing Co., Inc.	<b>Virgis Colbert</b> Miller Brewing Company	<b>Margaret Lund</b> Cook & Franke S.C.	
<b>Robert O'Toole</b> A.O. Smith Corporation	<b>Timothy Cullen</b> Blue Cross Blue Shield of Wisconsin	<b>Michael MacDonald</b> Carson Pirie Scott & Co.	

## Newly elected to MIMAC Board of Directors in 2004

**Barbara Baade**  
The Flex Company of America, Inc.

**Marsha Mather**  
Laacke & Joys

**John Barth**  
Johnson Controls, Inc.

**Richard Meussen**  
Badger Meter, Inc.

**Scott Beightol**  
Michael Best & Friedrich LLP

**William Mielke**  
Ruekert & Mielke, Inc.

**Carla Cross**  
Cross Management Services, Inc.

**Carlos Santiago, Ph.D.**  
University of Wisconsin-Milwaukee

**Steven Johnson**  
Miller Brands-Milwaukee, LLC

**Rev. Robert Wild**  
Marquette University

**Gale Kiappa**  
Wisconsin Energy Corp.

**Gary Zimmerman**  
Creative Business Interiors, Inc.

## Council of Small Business Executives (COSBE)

**Steven Ballistreri**  
COSBE Chairman  
Sun Cleaning Systems Inc.

**Peter Gottsacker**  
Wixon Inc.

**Troy Shaw\***  
TDS Management  
Group Inc.

### VICE CHAIRS

**Charles Engberg**  
Engberg Anderson Design  
Partnership Inc.

**Kirk Hegna\***  
CC&N Communication  
Solutions Provider

**Cary Silverstein\***  
Strategic Management  
Associates LLC

**Michael Herro**  
GSI/Geo-Synthetics Inc.

**Nancy Hernandez**  
ABRAZO Multicultural  
Marketing  
& Communication

**Linda Stewart\***  
North Milwaukee State Bank

**John Howman**  
Raffel Comfort Sciences, LLC

**Lucia Klebar**  
Lee Hecht Harrison Co.

**Paul Sweeney**  
P S Capital Partners LLC

**P. Michael Mahoney**  
Park Bank

**David Kliber**  
S-F Analytical  
Laboratories Inc.

**Julia Taylor**  
Greater Milwaukee  
Committee

**Wayne Staats**  
eSupport Solutions, LLC

**Warren Kreunen**  
North Shore Bank

**Timothy Tucker**  
Air Engineering Inc.

**Arvid "Dick" Tjilmar**  
T.E. Brennan Company

**Robert McNamara**  
F.J.A. Christiansen  
Roofing Co., Inc.

**Karen Vernal**  
Vernal Management  
Consultants LLC

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## LETTER from the PRESIDENT



Dear Members:

This Scorecard brings with it the committed leadership of thousands of employers in greater Milwaukee who care about the prosperity and quality of life in this region.

They build, grow, and manage their businesses with the enlightened self interest that having a prosperous community grounded in the equality of individual participation is good for business.

It is from this core belief that we engage other constituencies to pursue changes that will enhance this region's economic and social viability. In short, we are addressing the responsibility to become involved and make a difference in the future of greater Milwaukee.

Much of this document is aimed at policy changes we feel are necessary to support a vibrant and growing region.

We enter this discussion and push for these changes with a great deal of respect for those who have made a commitment to elected or appointed public service.

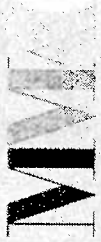
We at MIMAC, our staff and volunteer leadership, dedicate ourselves to making a difference in this community, both in its economic viability as well as its social prosperity.

Sincerely,

Timothy R. Sheehy  
MIMAC President



750 North Milwaukee St., Suite 400, Milwaukee WI 53202



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Editor  
**Julie Granger**

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