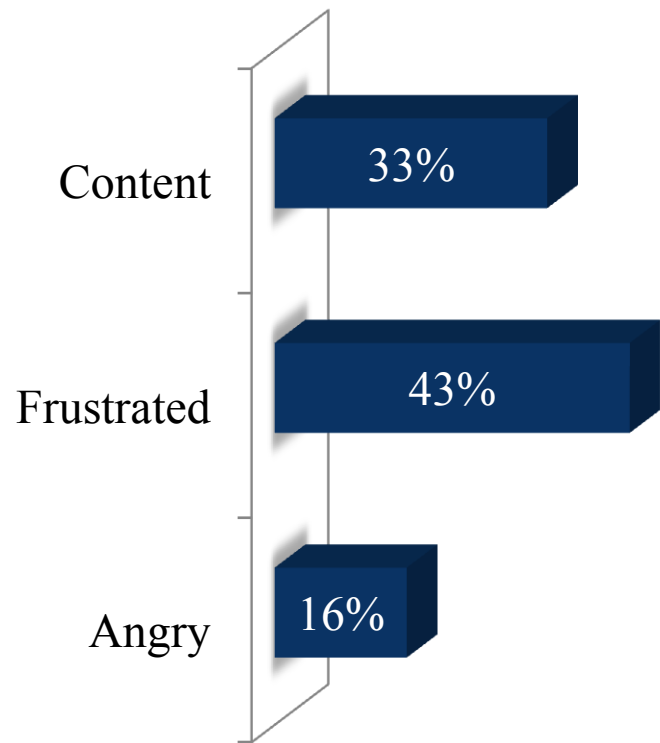
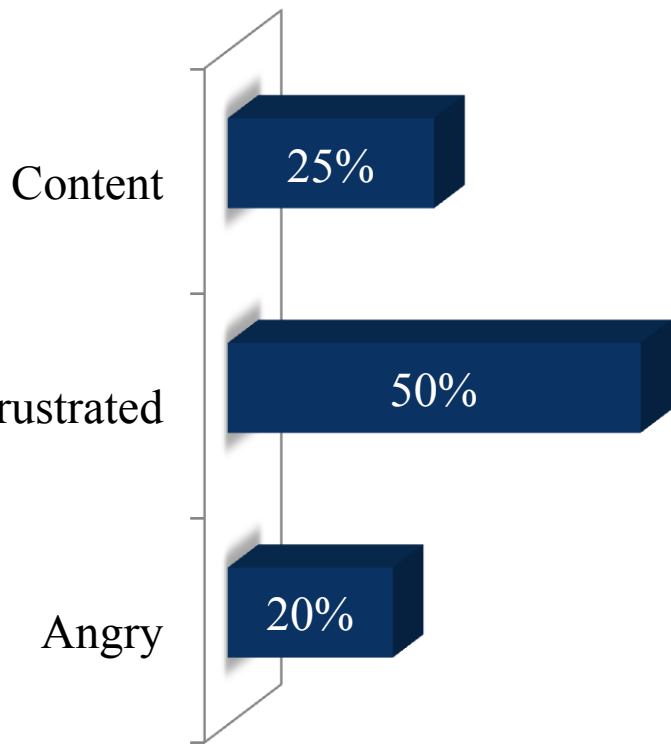


WPRI

Wisconsin's Free Market Think Tank

How do you feel about state government in Madison?



Statewide

June 2010	
Content	34%
Frustrated	45%
Angry	16%

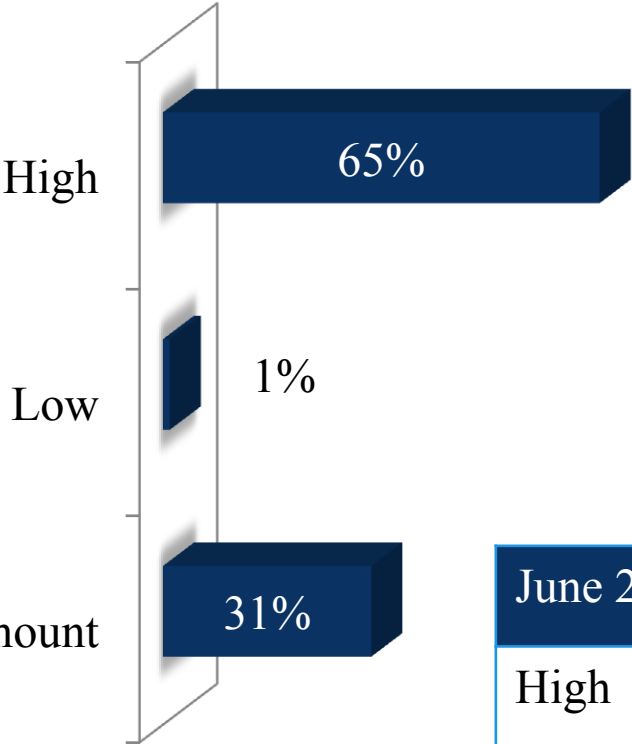
June 2010	
Content	37%
Frustrated	42%
Angry	20%



City of Milwaukee

Right amount of taxes?

Considering what you get from the state and local government, do you think the amount of taxes you pay is too high, too low, or about the right amount?



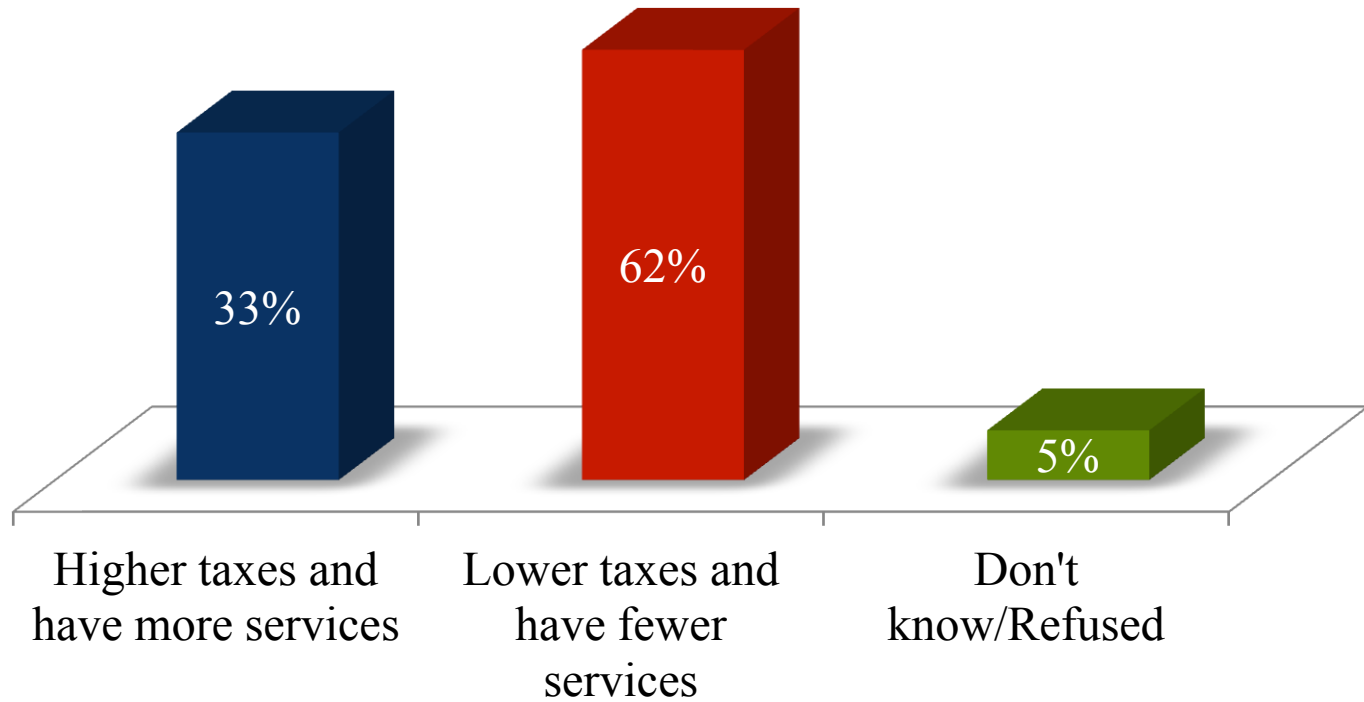
June 2010

High	62%
Low	3%
About right	34%



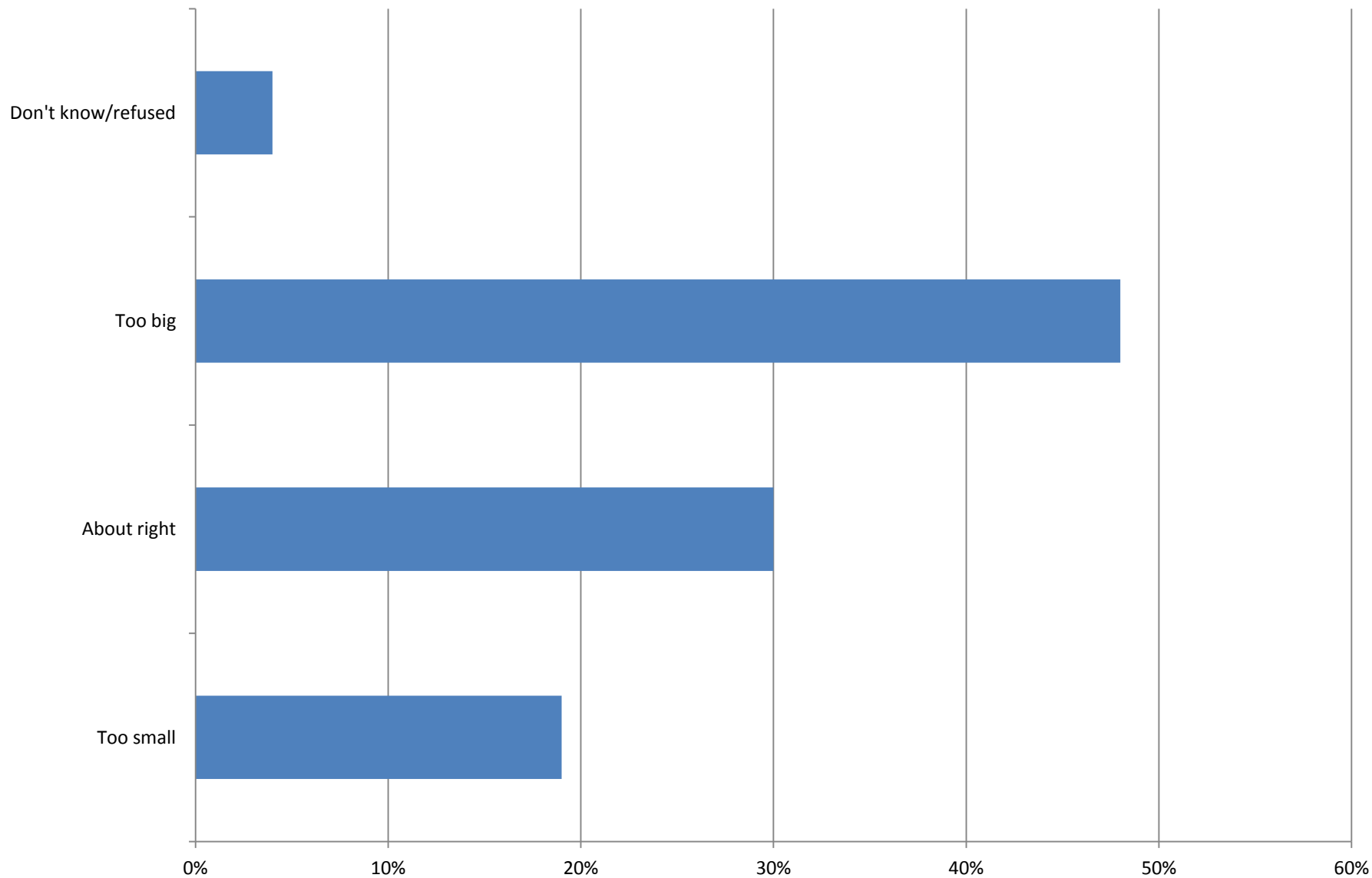
Statewide

I'd rather pay...

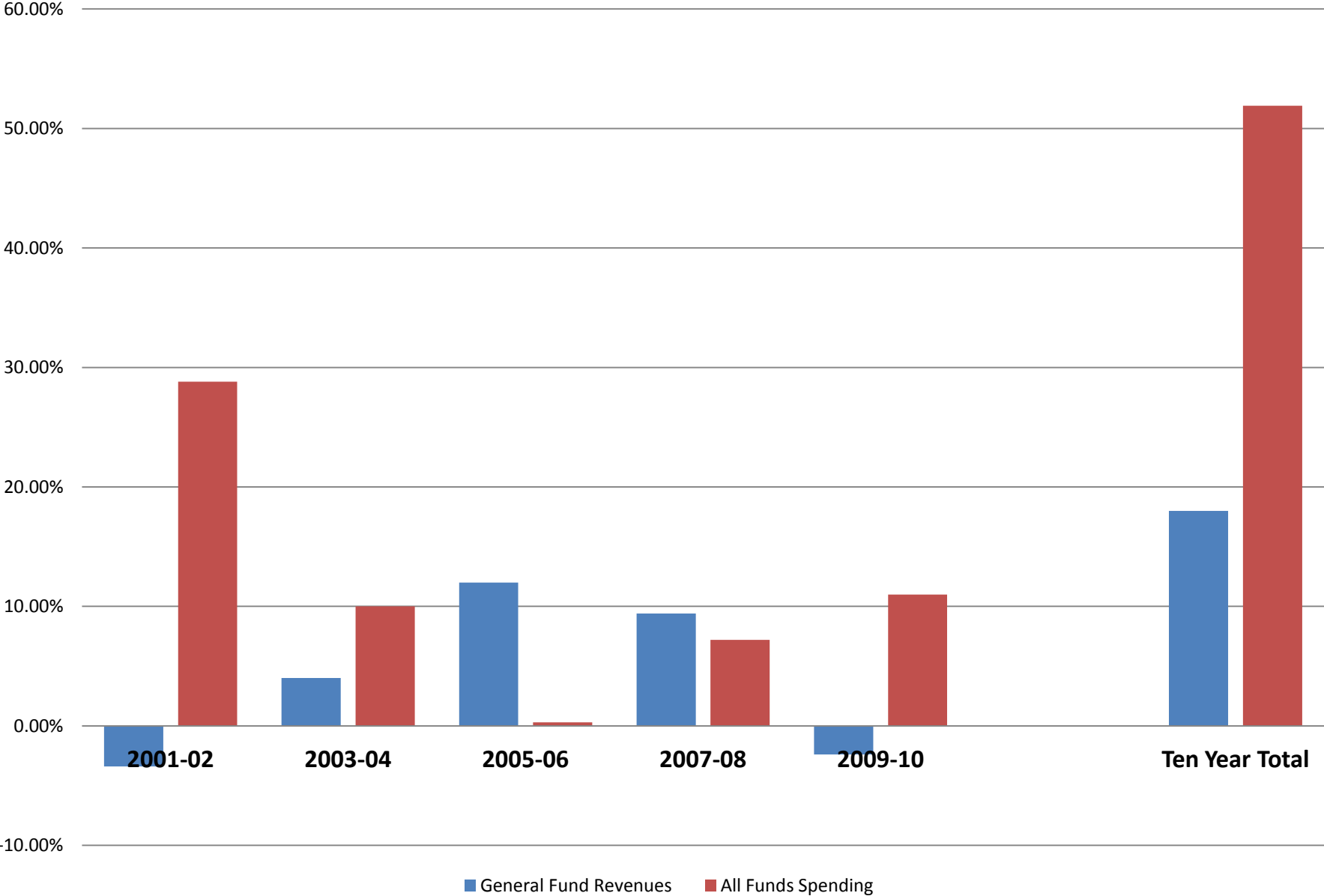


Statewide

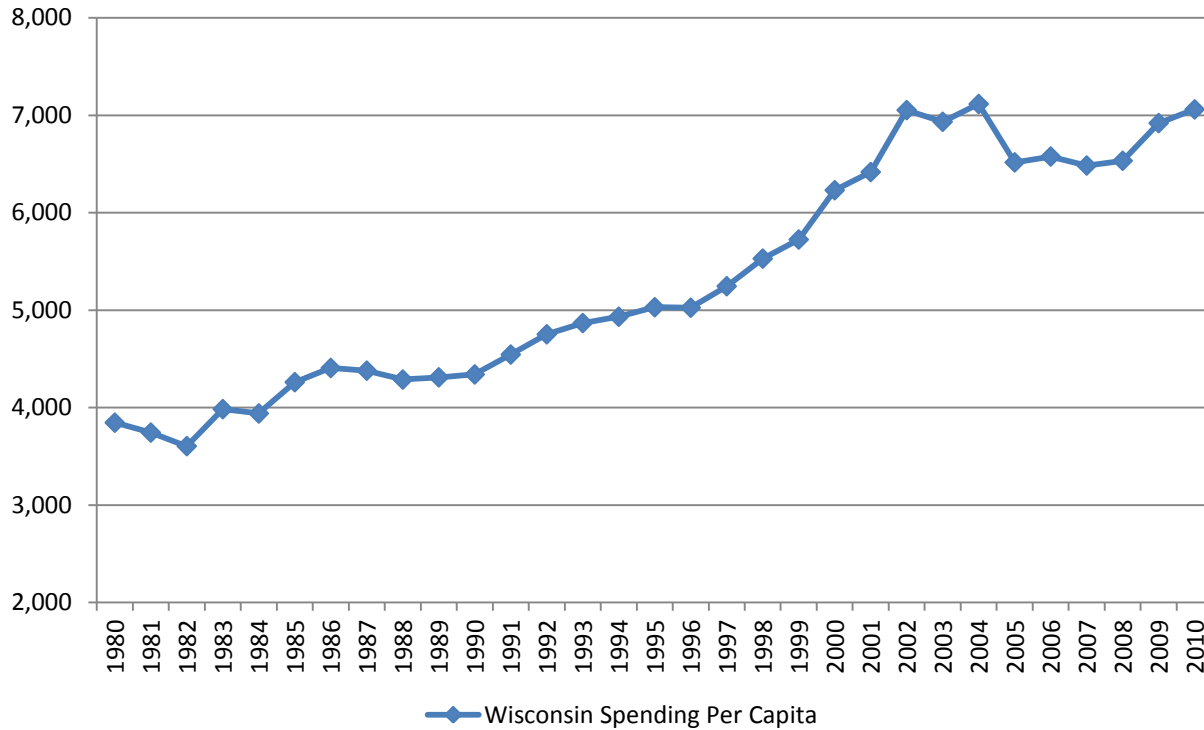
Which of these views best represents your opinion of Wisconsin state government? (November 2010)



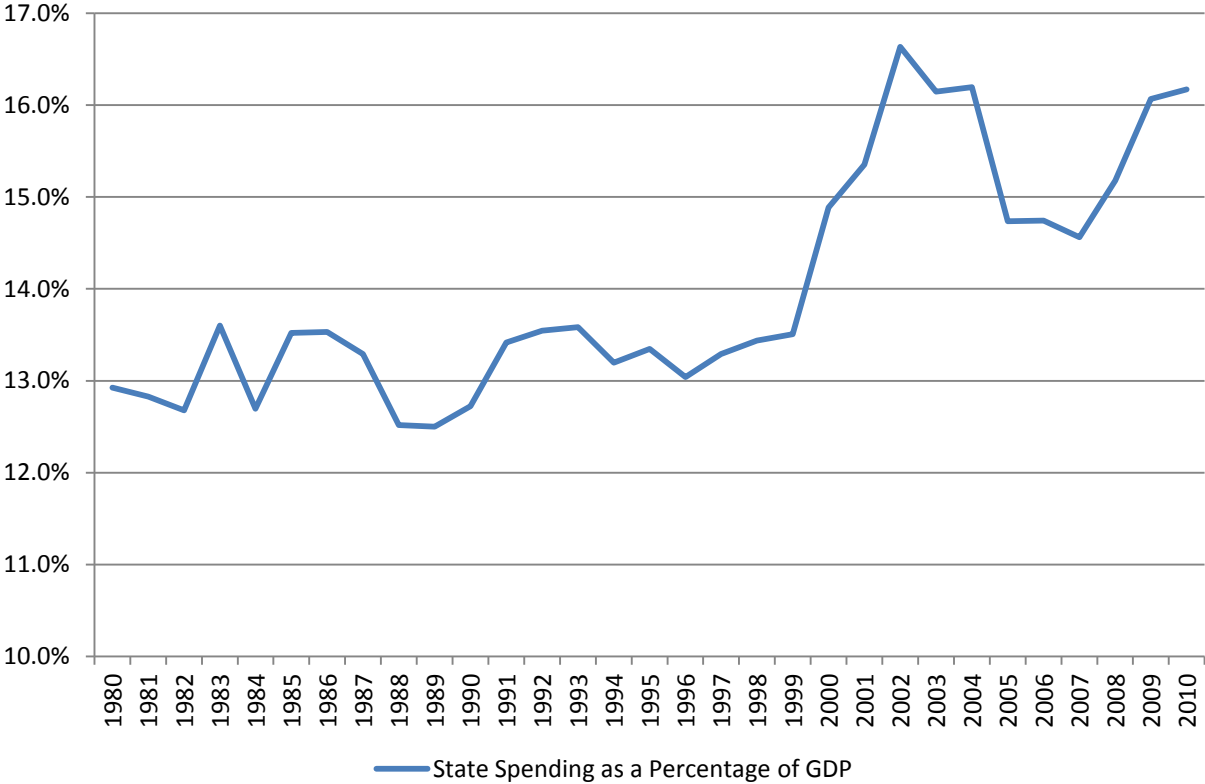
Wisconsin General Fund Revenues vs. All Funds Spending, 2001-2010



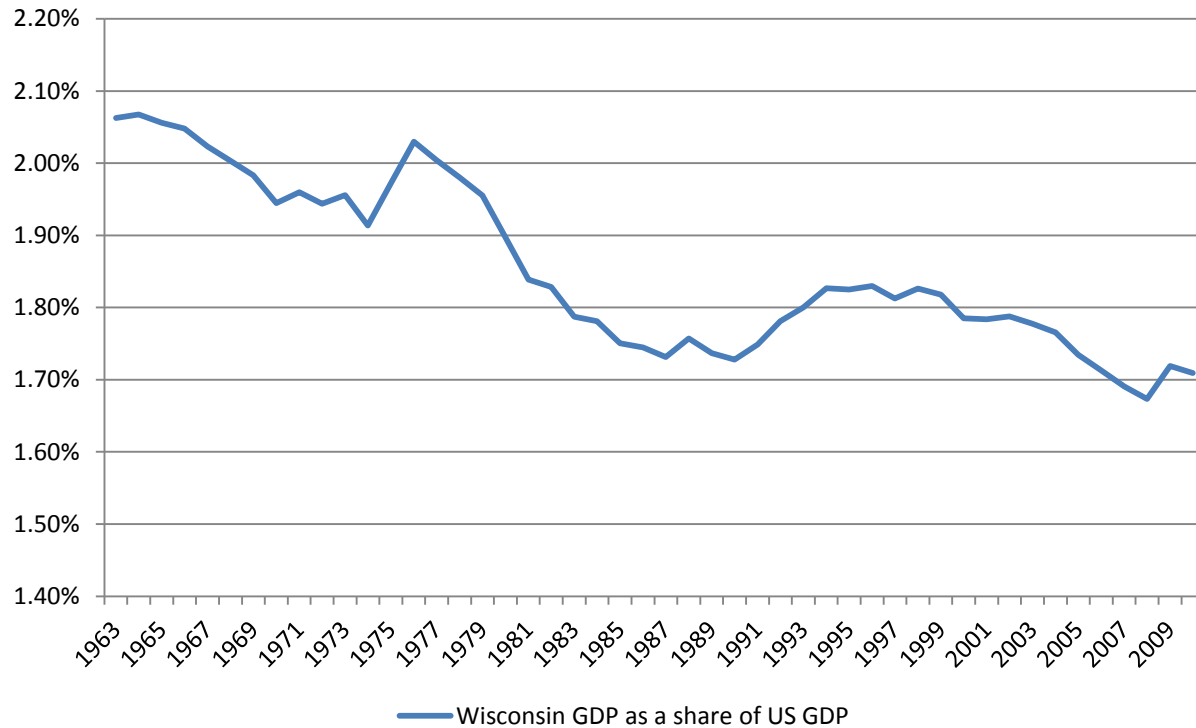
Wisconsin Spending Per Capita, 1980-2010 (inflation adjusted)



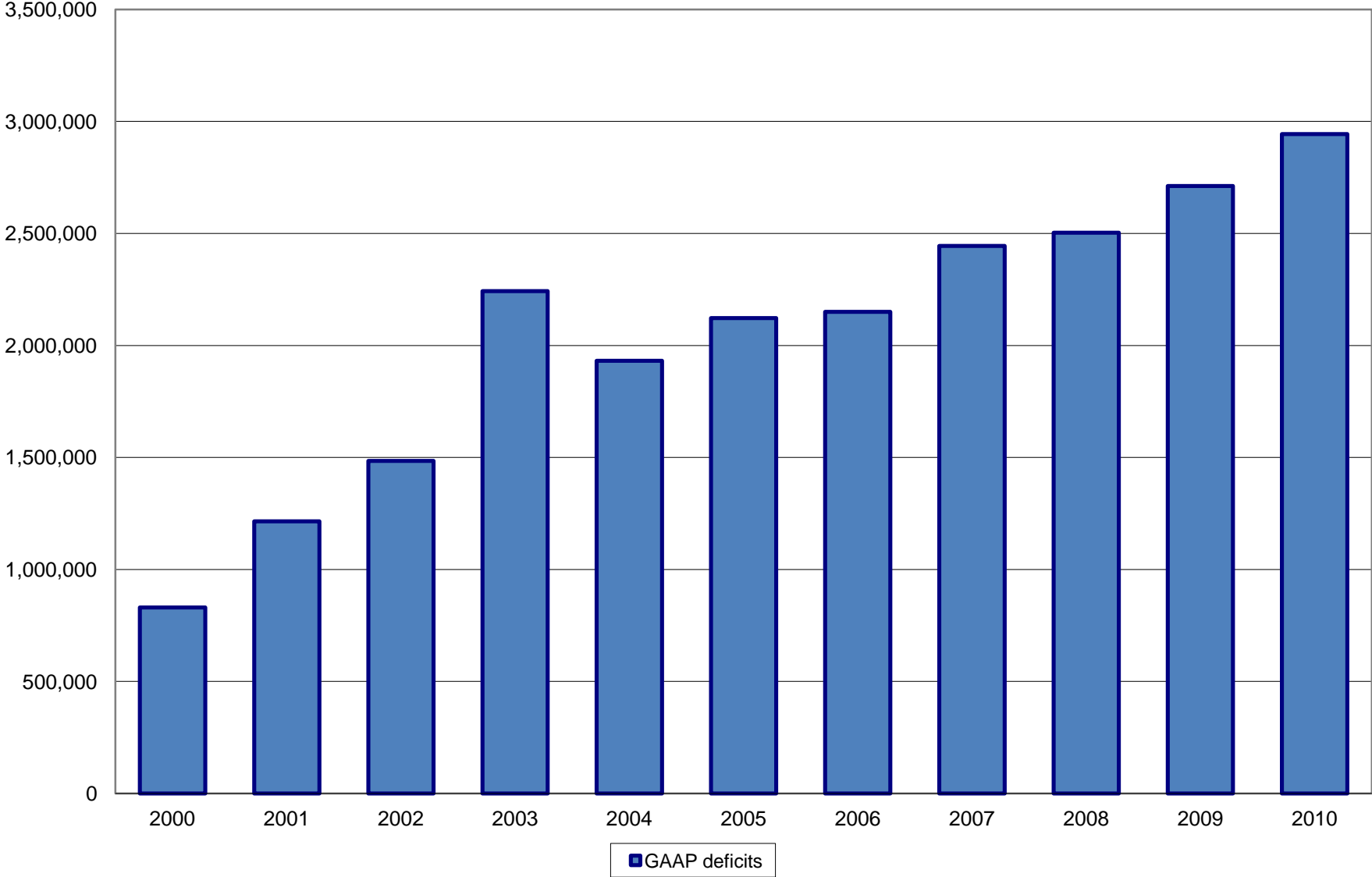
Wisconsin State Spending as a Percentage of GDP



Wisconsin Gross Domestic Product as a share of U.S. GDP, 1963-2010

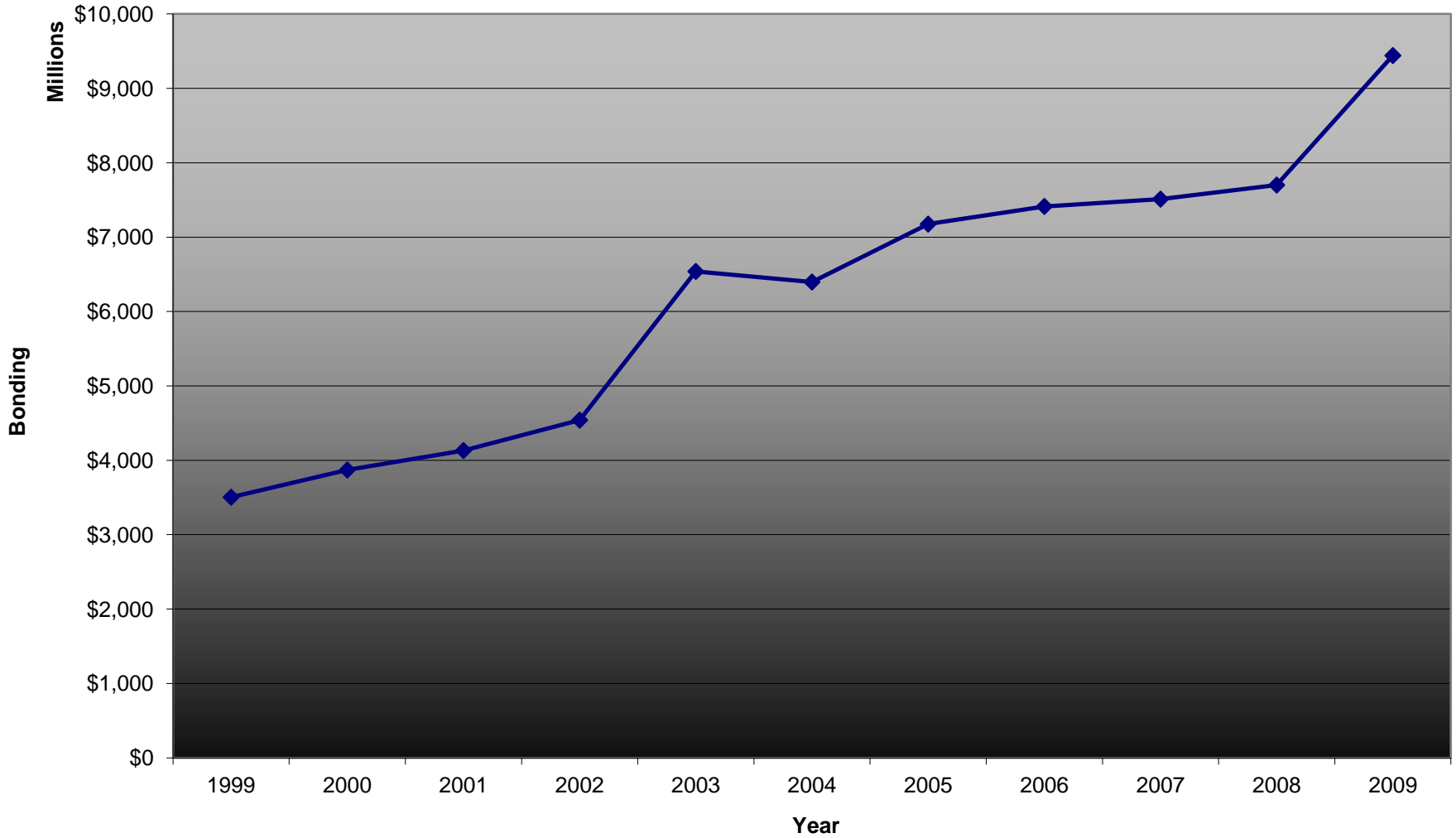


State of Wisconsin GAAP deficits, 2000-2010 (in thousands)

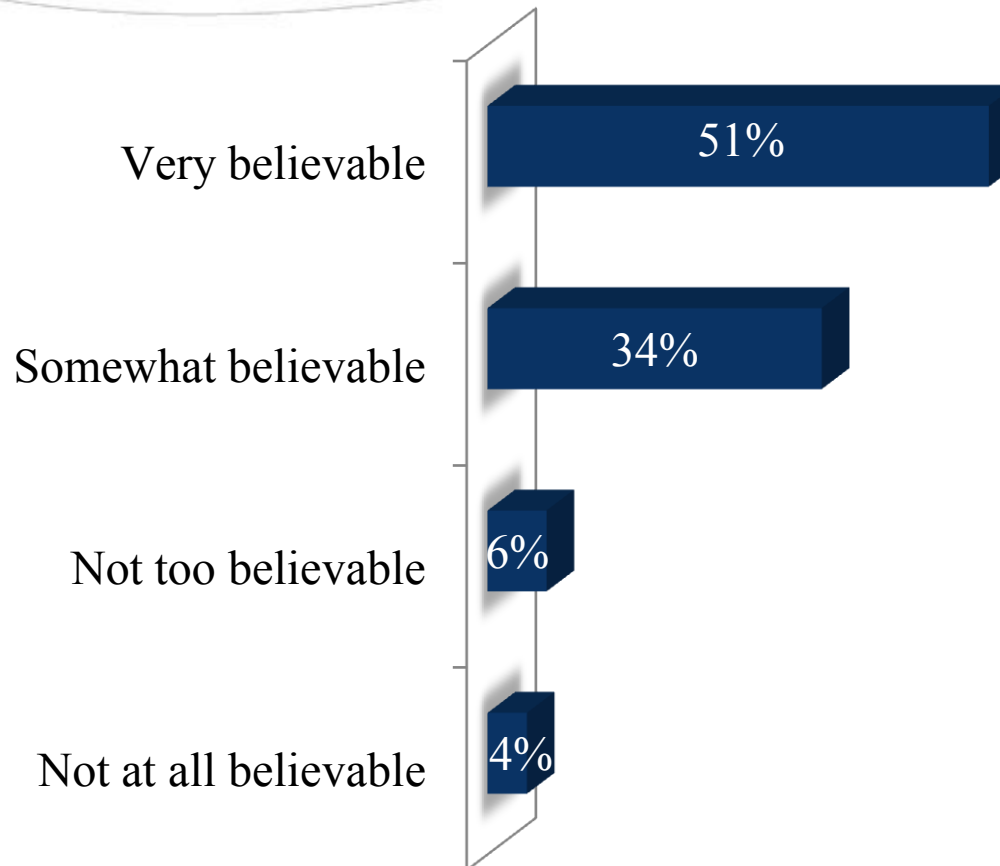


STATE DEBT

Transportation, GPR Funded GO Bonding, and Appropriation Bonds, 1999-2009 (in Millions)

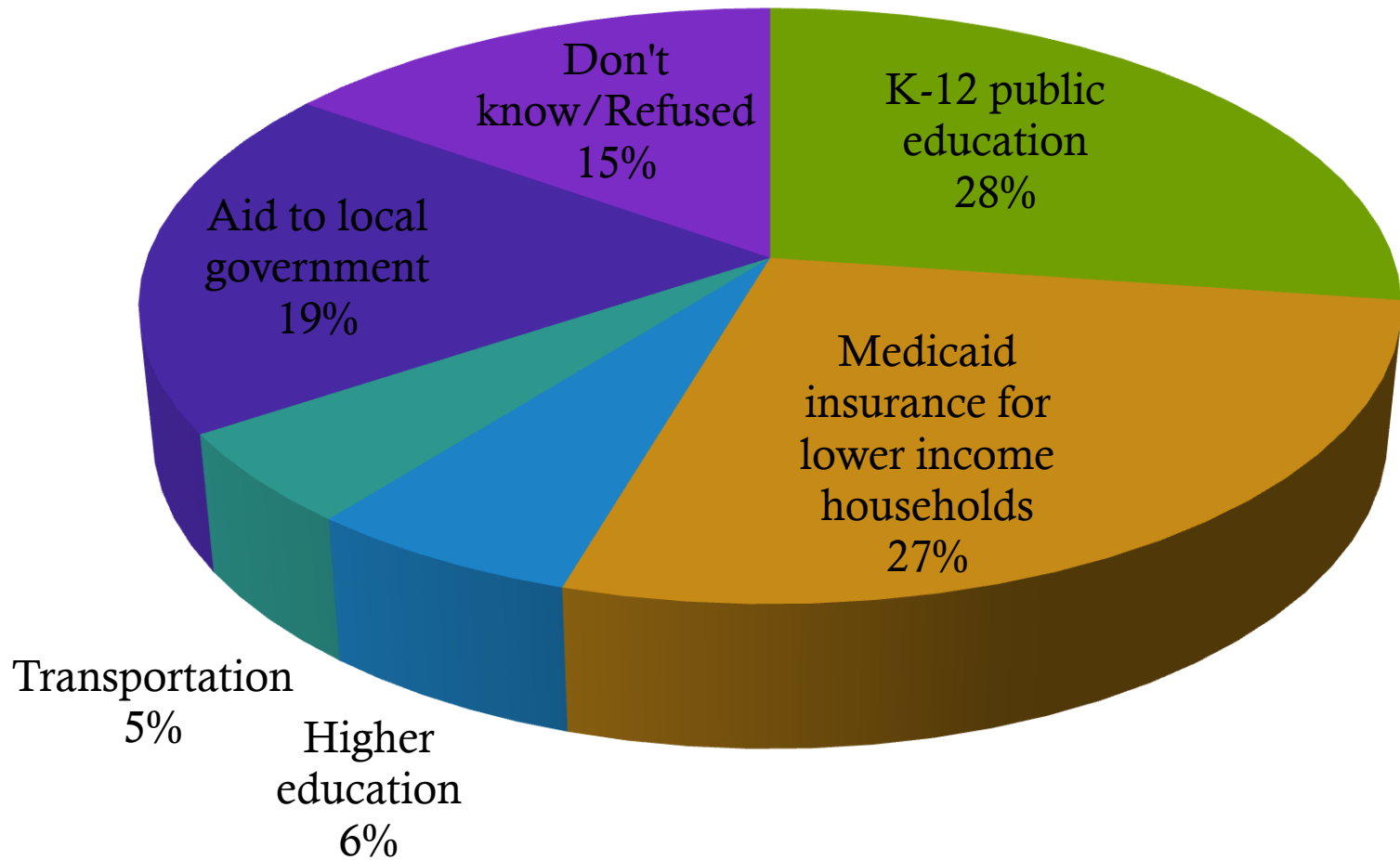


While the Wisconsin state budget is supposed to balance revenues and expenditures, according to generally accepted accounting standards the actual state budget has a deficit of \$2.7 billion

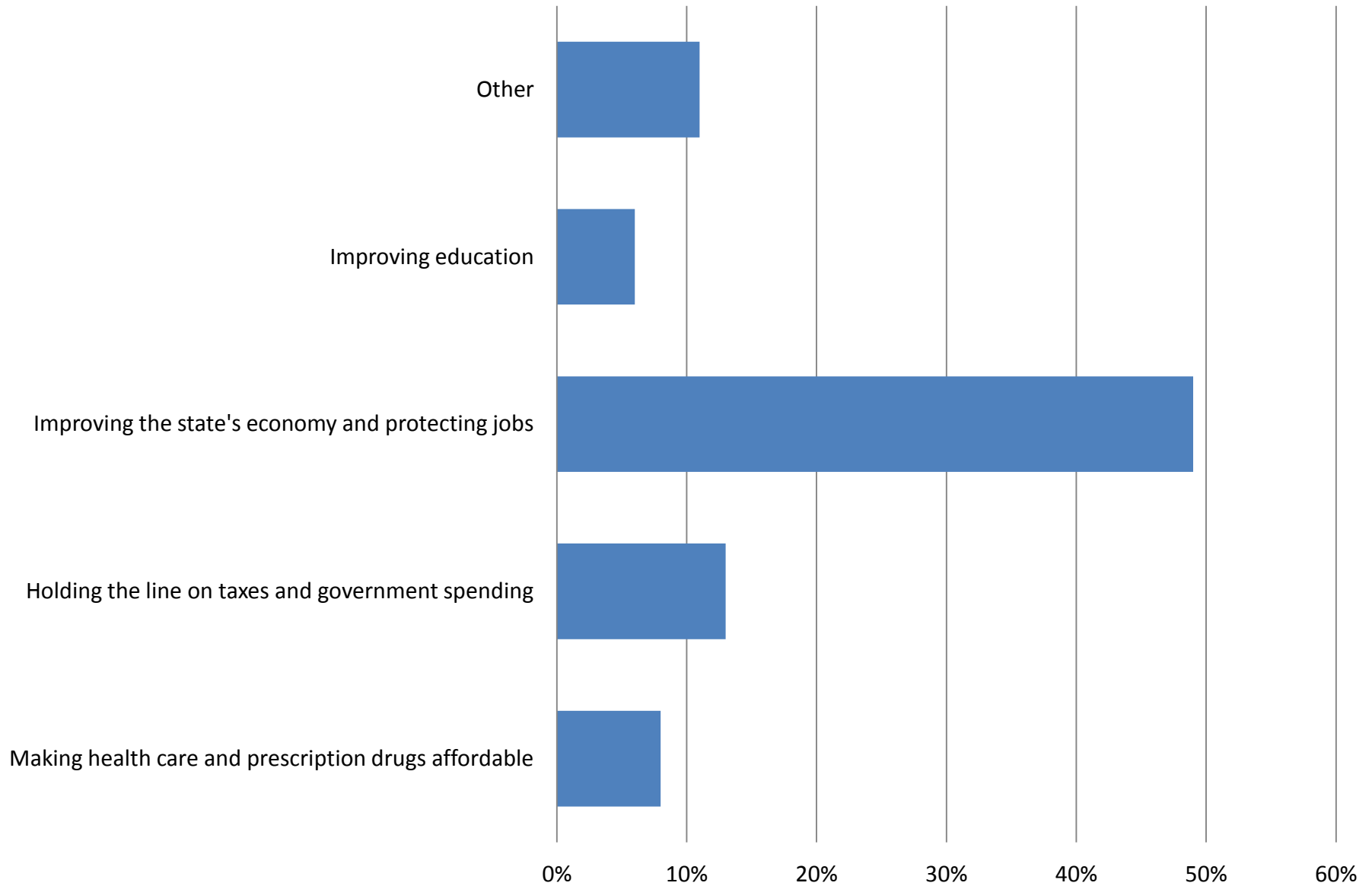


Statewide

Which of the following do you think represents the largest percentage of the state's budget?

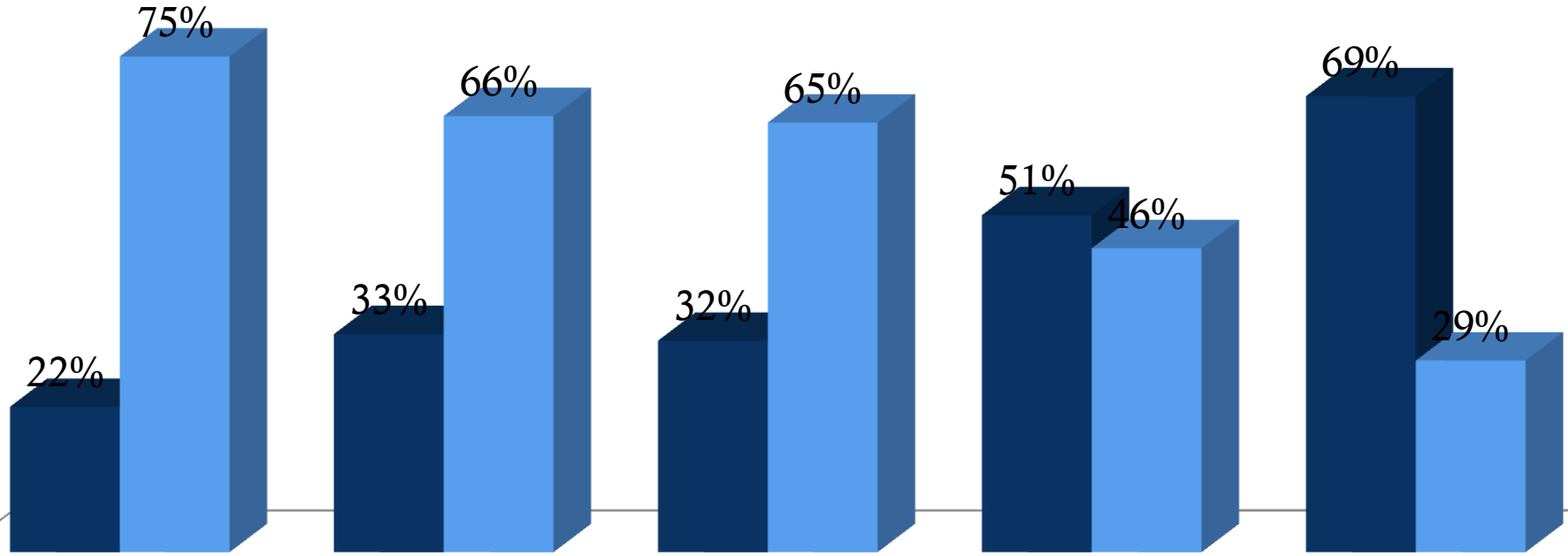


**What do you think should be the top priority of the Governor and the State Legislature?
(November 2010)**



Proposals to Balance the State Budget (Among Likely Voters)

■ Favor ■ Oppose



Eliminate gov't health care benefits for low income single adults earning fomr than \$14,300 per year

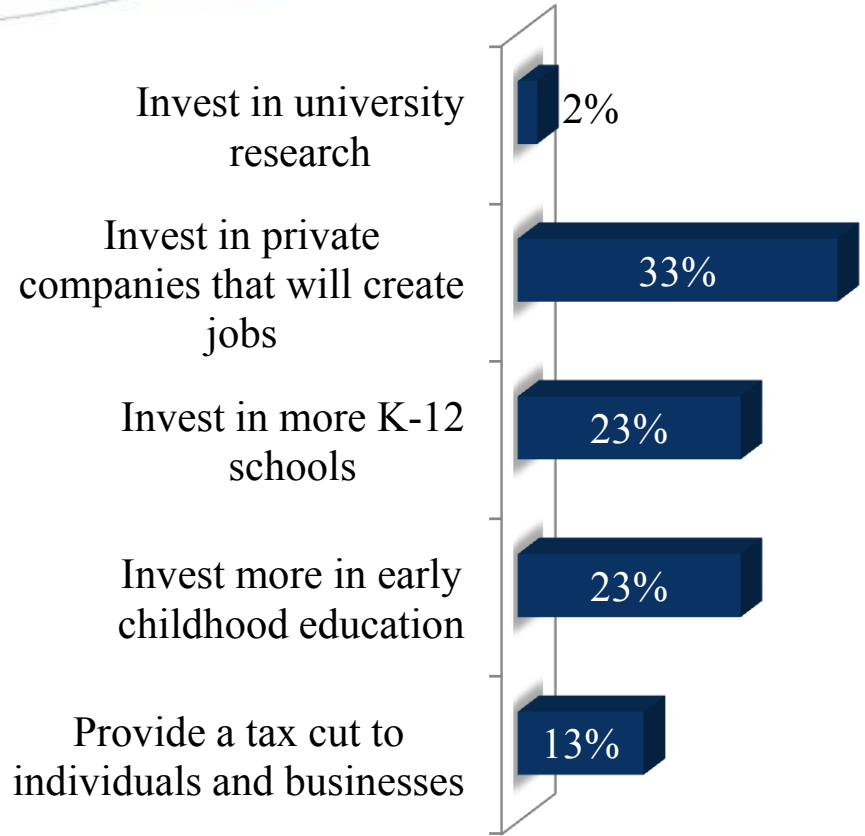
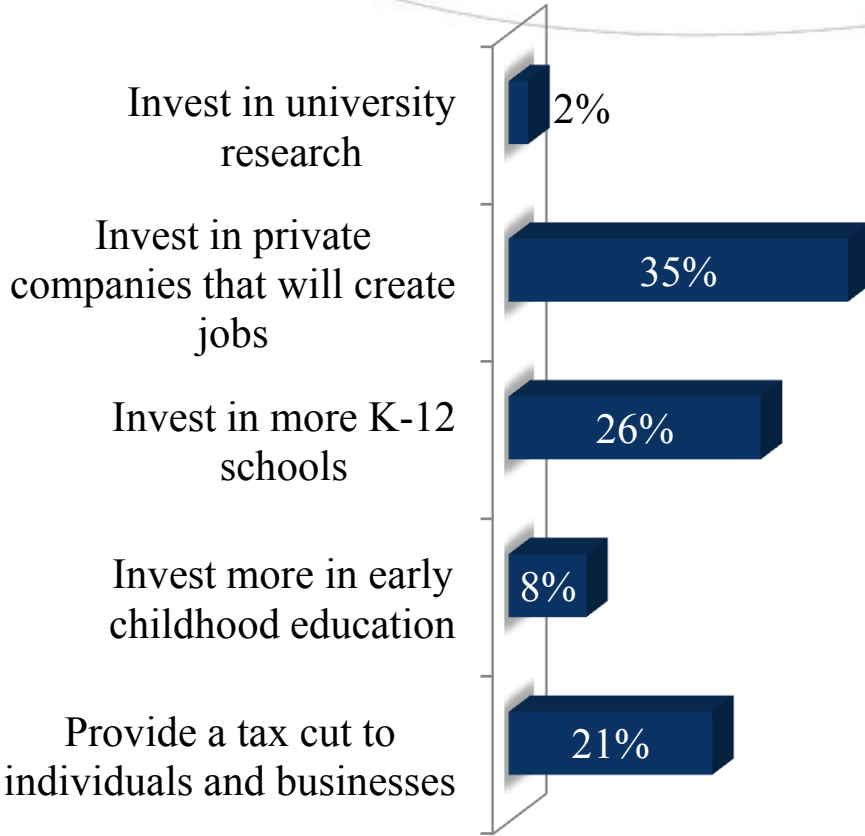
Reduce state aid to local governments and school districts

Lay off state workers

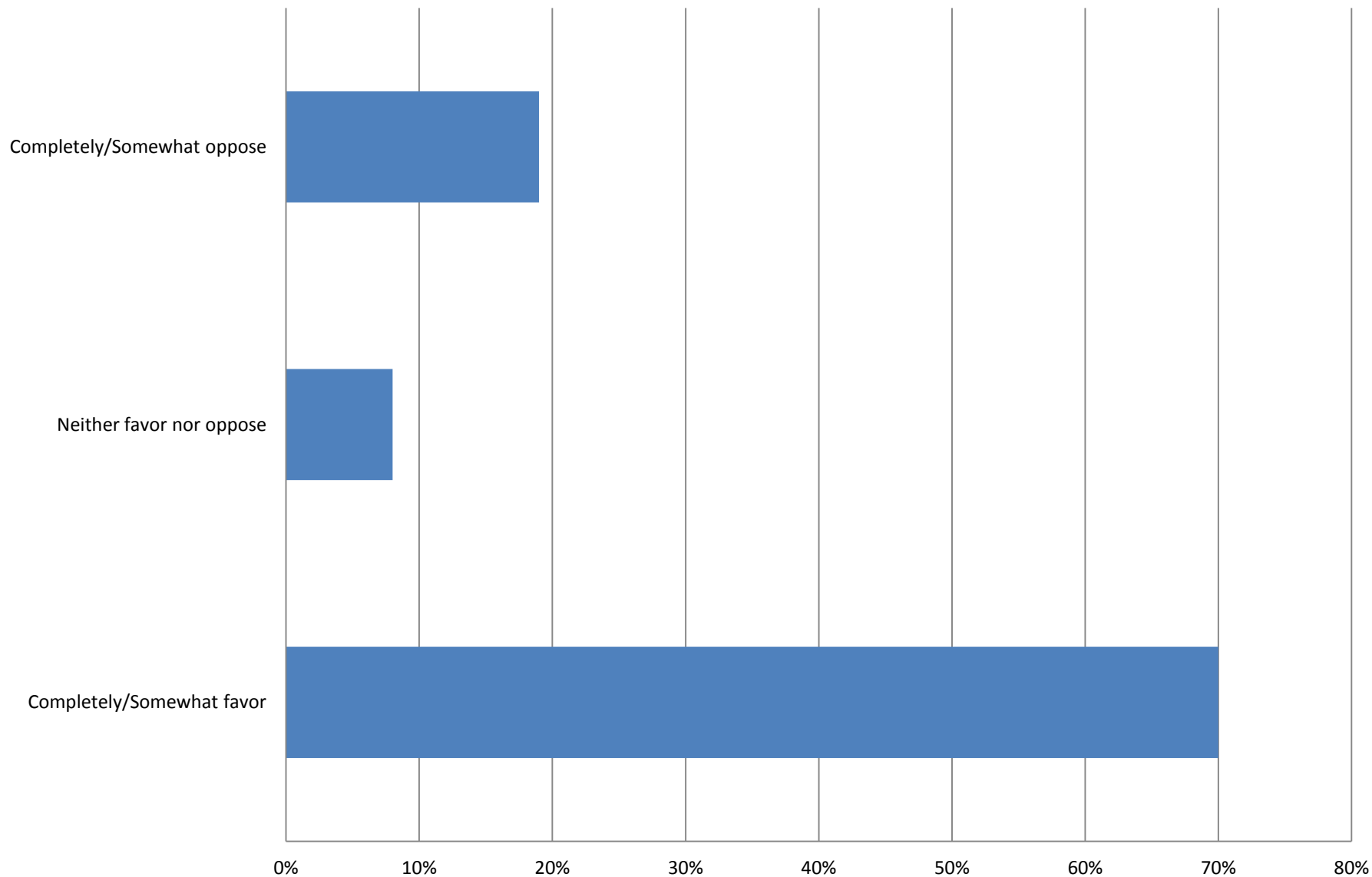
Raise state sales tax by one percent

Raise income tax on people making over \$150,000 per year

If Wisconsin state government were to do one thing to improve its economic future, it should be:



Would you favor or oppose using state aid to reward those schools that do the best job of improving student performance? (November 2010)



Performance Goals: Department of Health Services (p. 1)

2011, 2012 AND 2013 GOALS

Prog. No.	Performance Measure	Goal 2011	Goal 2012	Goal 2013
1.	Percent of women receiving prenatal care in the first trimester.	84%	84%	84%
1.	Rate of preventable hospitalizations per 1,000 population.	11.6	11.6	11.6
1.	Rate of preventable hospitalizations per 100,000 due to diabetes.	168	167	166
1.	Health care quality. (Ranking based on AHRQ composite state-level measure.)	Rank in top 5	Rank in top 5	Rank in top 5
1.	Past adult smokers reporting currently smoking cigarettes (every day or some days).	17.5%	17%	16.5%
1.	High school students reporting currently smoking cigarettes (on 1 or more of past 30 days).	17%	16.5%	16%
1.	Middle school students reporting currently smoking cigarettes (on 1 or more of past 30 days).	3%	2.5%	2%
1.	Percent of adults who are obese.	28.5%	28%	27.5%
1.	Percent of high school youth who are obese.	8%	8%	7.5%
1.	Percent of children ages 2-4 enrolled in Women, Infants and Children program who are obese.	13%	12.5%	12%
1.	Percent of food-insecure households.	9%	9%	9%
1.	Rate of 2-year-olds with completed primary vaccinations.	90%	90%	90%
1.	Percent of children under age 6 with lead poisoning.	1%	0.8%	0.7%
1.	African American infant mortality rate (deaths per 1,000 live births).	12	11.5	11
1.	Prevalence of self-rated "fair" or "poor" health among adults.	11%	11%	11%



Statewide

Performance Goals: Department of Health Services (p. 2)

Prog. No.	Performance Measure	Goal 2011	Goal 2012	Goal 2013
1., 4.	Percent of Medicaid-eligible children receiving any dental service. ¹	35%	37%	39%
1., 7.	Age-adjusted rate of emergency department visits due to unintentional falls among the elderly per 100,000.	3,830	3,820	3,810
1., 7.	Age-adjusted rate of deaths due to unintentional falls among the elderly per 100,000.	92.7	92.4	92
4.	Percent of adults under age 65 with health insurance for at least part of a year.	98%	98%	98%
4.	Percent of children with health insurance for at least part of a year.	98%	98%	98%
5.	Percent of youth binge drinking.	24%	23.9%	23.8%
5.	Percent of adults binge drinking.	23.5%	23%	22.5%
5.	Percent of adults experiencing serious psychological distress.	10.9%	10.8%	10.7%
6.	Incidence of pressure ulcers among nursing home residents.	2.24%	2.1%	2%
7.	Percent of individuals receiving publicly-funded long-term care who are in community settings.	68%	72%	74%
7.	Adult waitlist for community-based long-term care.	3,738	1,235	560
7.	Children's waitlist for community-based long-term care.	1,941	2,000	2,000

Note: Based on calendar year

¹Based on federal fiscal year.



Statewide

Performance Goals: Department of Workforce Development

2011, 2012 AND 2013 GOALS

Prog. No.	Performance Measure	Goal 2011	Goal 2012	Goal 2013
1.	Number of job openings listed on Job Center of Wisconsin.	105,000	108,000	111,000
1.	Meet the 87 percent U.S. Department of Labor standard for intrastate promptness of first pays.	93%	87%	87%
5.	Number of individuals achieving an employment outcome will increase over prior year.	2,685	2,700	2,800

Note: Based on fiscal year.



Statewide

Performance Goals: Department of Public Instruction

2011, 2012 AND 2013 GOALS

Prog. No.	Performance Measure	Goal 2011	Goal 2012	Goal 2013
1.	Number of emergency educator licenses issued.	1,700	1,650	1,550
1.	Number of "hits" on Wisconsin Information Network for Successful Schools Web site.	22,000,000	23,500,000	25,000,000
3.	Number of BadgerLink searches.	37,500,000	37,600,000	38,728,000
3.	Number of items loaned out through interlibrary loan program. ¹	9,381,700	10,319,900	11,351,900

Note: Based on fiscal year.

¹Based on calendar year.

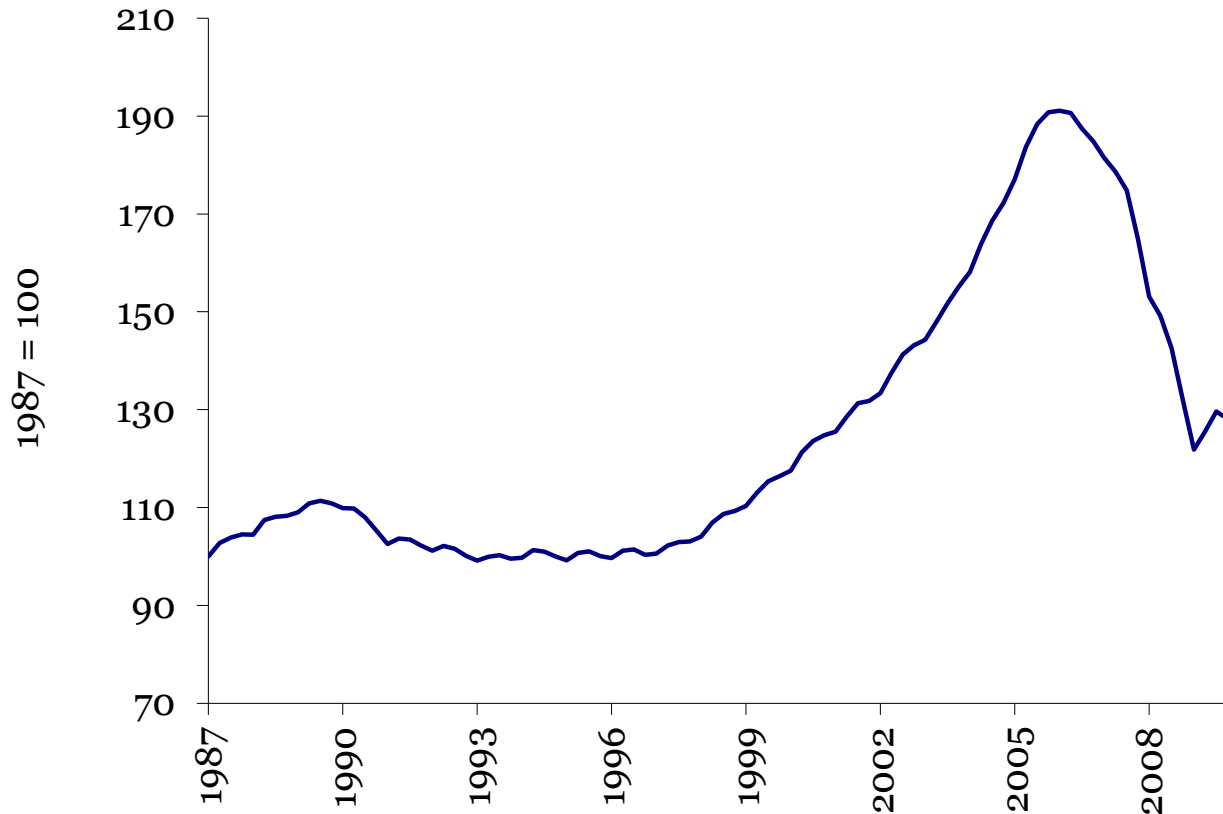


Statewide

How did we get here?

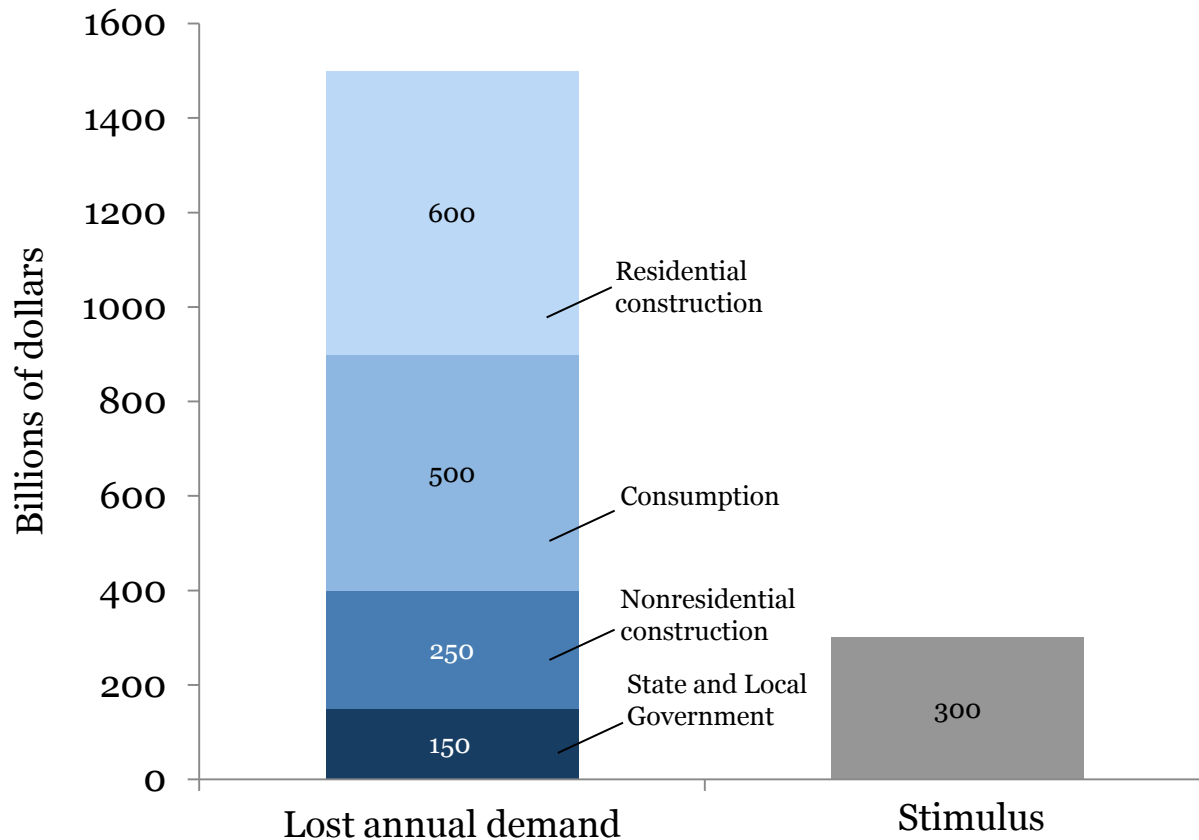
Economy collapsed after burst of housing bubble

Housing prices (adjusted for inflation) soared, then popped
As shown by Case-Shiller 20-city index.



People just don't have money to spend. The stimuli haven't replaced lost demand.

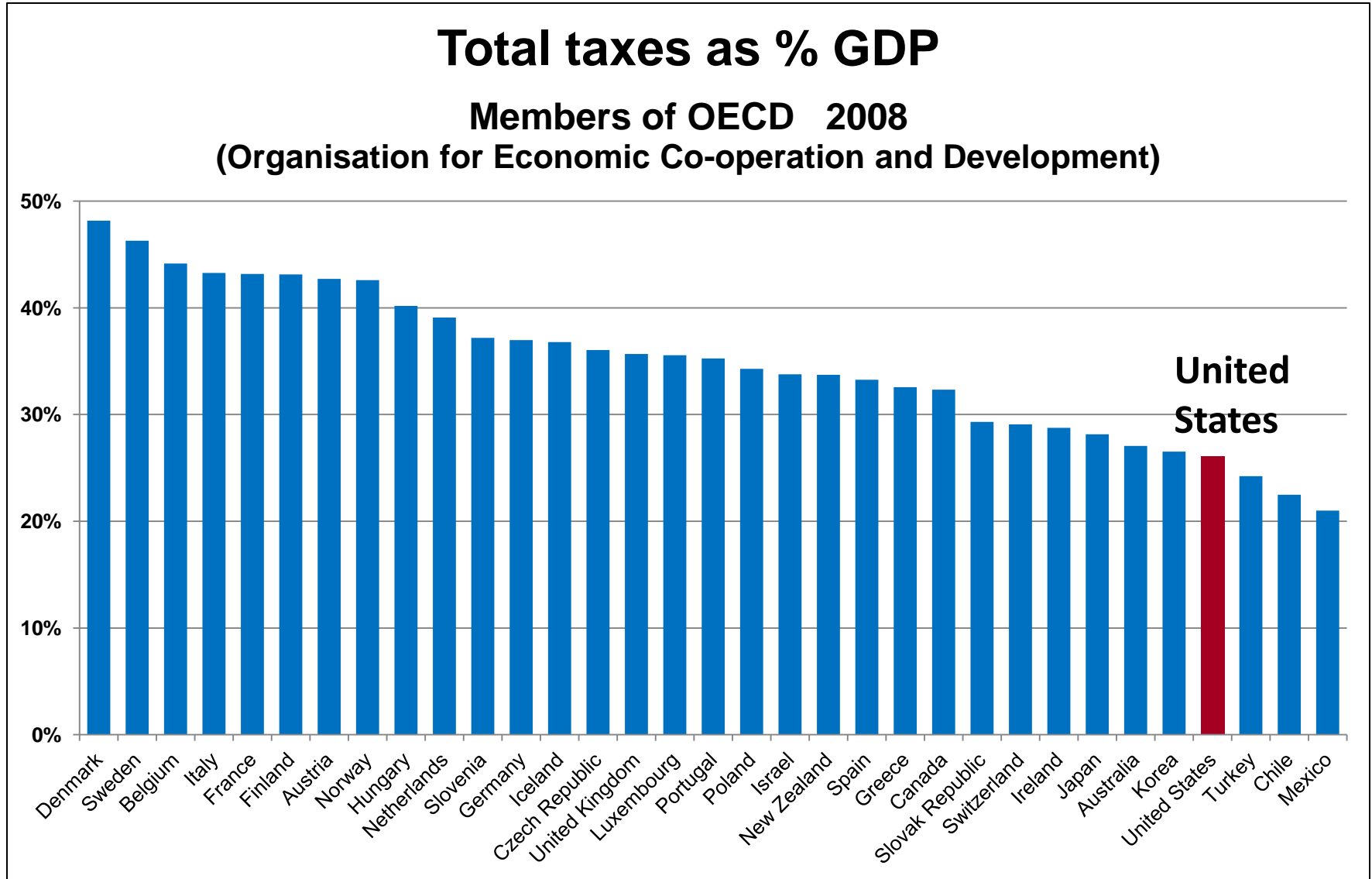
Lost Annual Demand due to the Recession and the Annual Stimulus, 2009-2010



Source: Center for Economic and Policy Research.

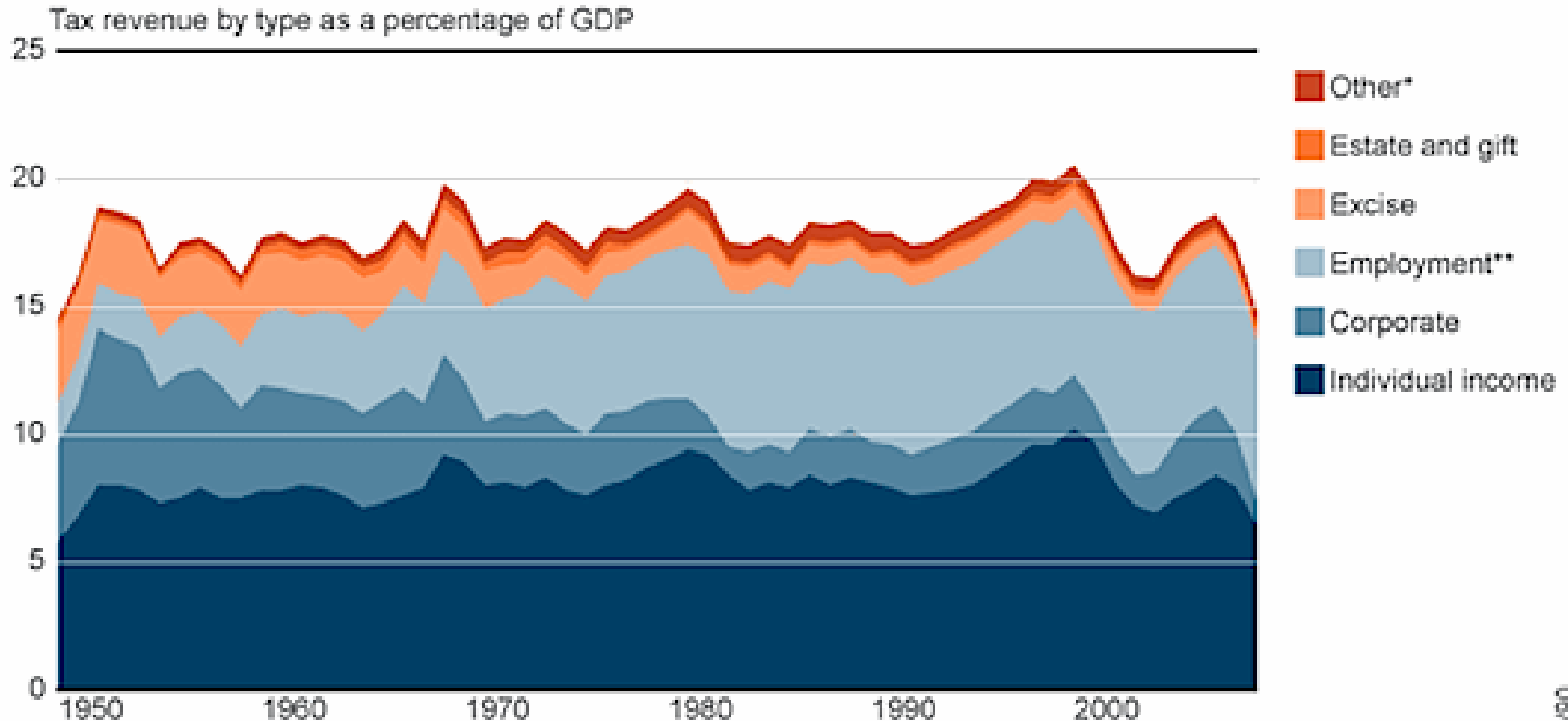
It's not about taxes

US taxes (federal, state, local) low compared with other economies



Federal taxes are lowest in 50 years

Federal taxes as a percentage of GDP



* Primarily composed of customs/duties fees and deposits of earnings by the Federal Reserve system.

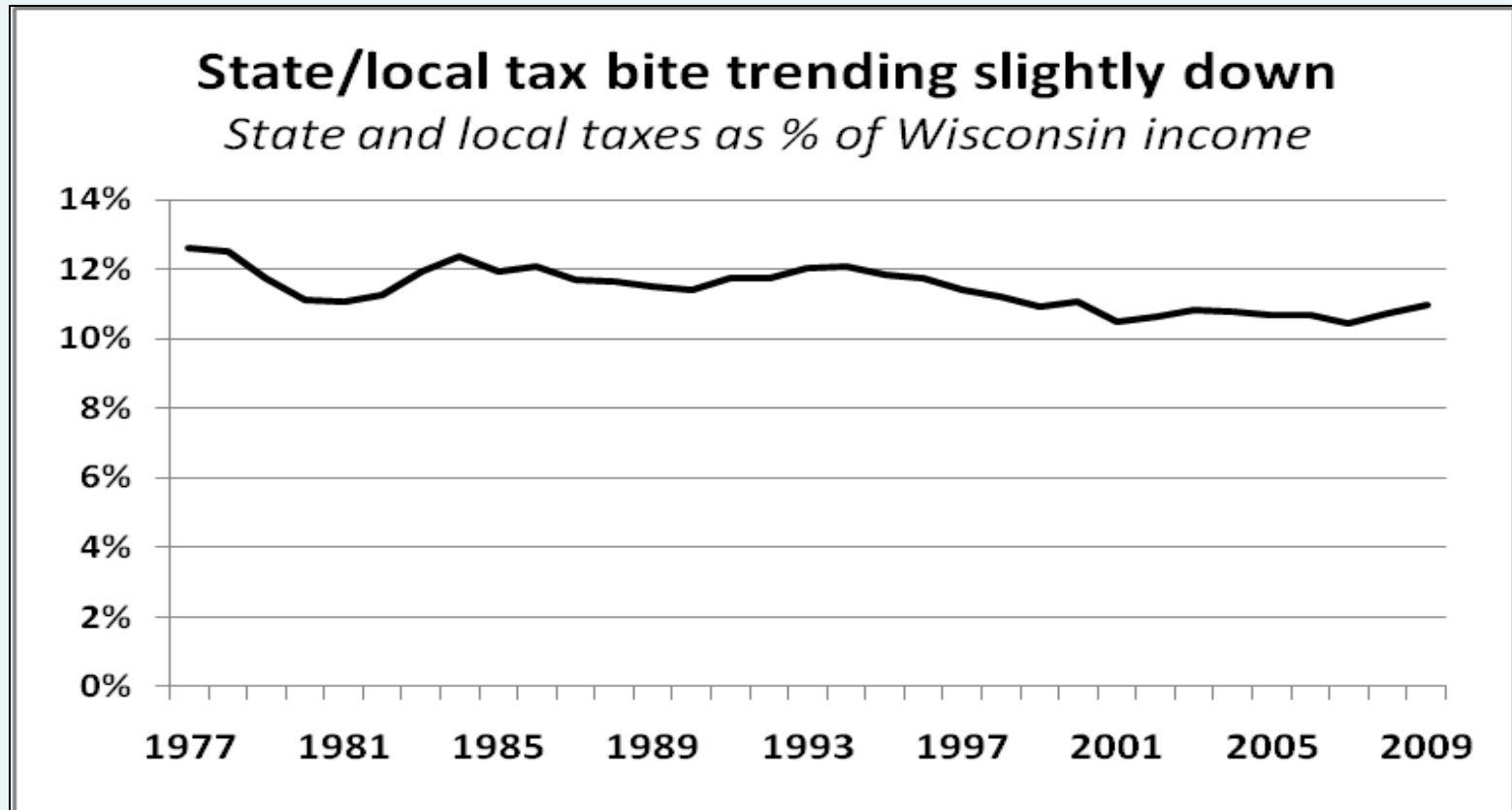
** Employment taxes comprise old-age and survivors insurance, disability insurance, hospital insurance, railroad retirement, railroad Social Security equivalent account, employment insurance, employee share of Federal employees retirement, and certain non-Federal employees retirement.

Source: U.S. Senate Joint Committee on Taxation

05/12/10

Wisconsin taxes are moderate

Fiscal Fact: Wisconsin taxes are **average** in the United States and have been **flat for years**. Sales tax is lowest in the region.



It's a revenue problem, not a spending problem

Scrooges not wanted.



Taxes in America
are stable and
moderate.

Our main
problem is a
revenue shortfall.

Polls: Continued support for taxes on wealth



Interviews with 1,008 adult Americans conducted by telephone by ORC International on August 5-7, 2011. The margin of

Taxes on wealthy people should be kept low because they invest their money in the private sector and that helps the economy and creates jobs	34%
Taxes on wealthy people should be kept high so the government can use their money for programs to help lower-income people	62%
No opinion	5%

Even among business leaders, demonstrated support for taxes on wealth

★ Business Pulse: Raise taxes on rich? Yes!

The logo for The Business Journal, featuring the text "THE Business Journal" in a large, white, serif font on a blue background. Below it, in a smaller, white, sans-serif font, are the words "SERVING GREATER MILWAUKEE".

THE Business Journal
SERVING GREATER MILWAUKEE

Last week's question:

Billionaire investor Warren Buffett says the United States should raise taxes on the super-rich. Do you agree?

Yes: 69%

No: 28%

Undecided: 3%

Public support for tax hikes on the wealthy and a fairer distribution of wealth

The New York Times

Wednesday, October 26, 2011 Last Update: 12:12 PM ET

With nearly all Americans remaining fearful that the economy is stagnating or deteriorating further, two-thirds of the public said that wealth should be distributed more evenly in the country. Seven in 10 Americans think the policies of Congressional Republicans favor the rich. Two-thirds object to tax cuts for corporations and a similar number prefer increasing income taxes on millionaires.

Nevertheless, the demand to cut taxes is insatiable in Wisconsin and the USA

RAISING THE BAR
for
RAISING TAXES

Super-majority
required to increase
Wisconsin taxes

Taxpayer Protection Amendment to Wisconsin Constitution

“...may not collect more in allowable revenue in any fiscal year than the amount of its allowable revenue in the previous year, increased by the inflation–income factor, plus: (a) For the state, the estimated percentage increase from the previous year in state population...”

2011 ASSEMBLY BILL 6

To restore the treatment of the exclusion of capital gains for individuals and certain other persons that existed before the enactment of 2009 Wisconsin Act 28, and phasing out the taxation of capital gains.

Lower taxes for political benefactors

- ...for tuition expenses at private elementary and secondary schools
- ...for machinery and tangible personal property used to conduct research
- ... for constructing and operating a data center that is designed for maximum energy efficiency...and providing an exemption from rule-making procedures
- ...for hospitality business advertising
- ...for investments in a community development financial institution
- ...for insulating concrete forms
- ...for workplace wellness programs
- ...adopting federal bonus depreciation provisions
- ...for nonprofit resale store
- ...include snowmaking in the definition of manufacturing for sales tax purposes
- ...for lumber manufacturing modernization and expansion
- ...for infrastructure costs to provide broadband services to rural areas or areas populated primarily by low-income persons

The 'boa' technique for strangling government: Squeeze the budget tight, tighter, tighter again



1. *Tax breaks squeeze revenue*
2. *Then, 'no choice' but to cut*

Wisconsin's deficit is years in the making

Annual tax cuts drain the revenue base

“We cut taxes in the very first budget and haven’t stopped since. We cut taxes 91 times totaling \$16.7 billion”. *Governor Tommy G. Thompson: Jan 31, 2001*

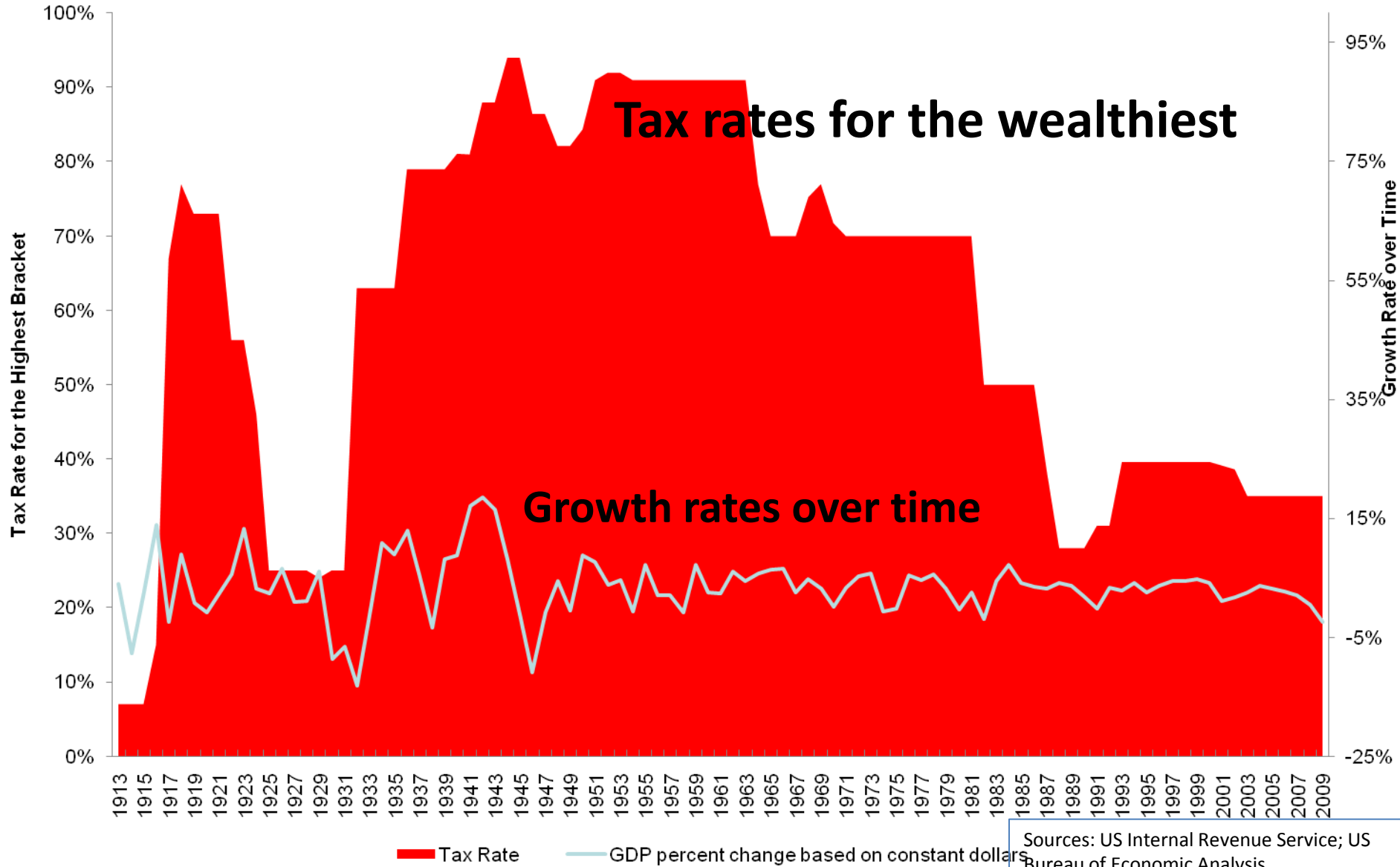
“The budgets signed by Governor Doyle actually cut taxes by about \$700 million over the next four years.”

Stephen Bablitch: Secretary Wisconsin Department of Administration August 15, 2006

“Over \$2 billion in tax cuts are either funded in the budget or phased-in over the next four years.”

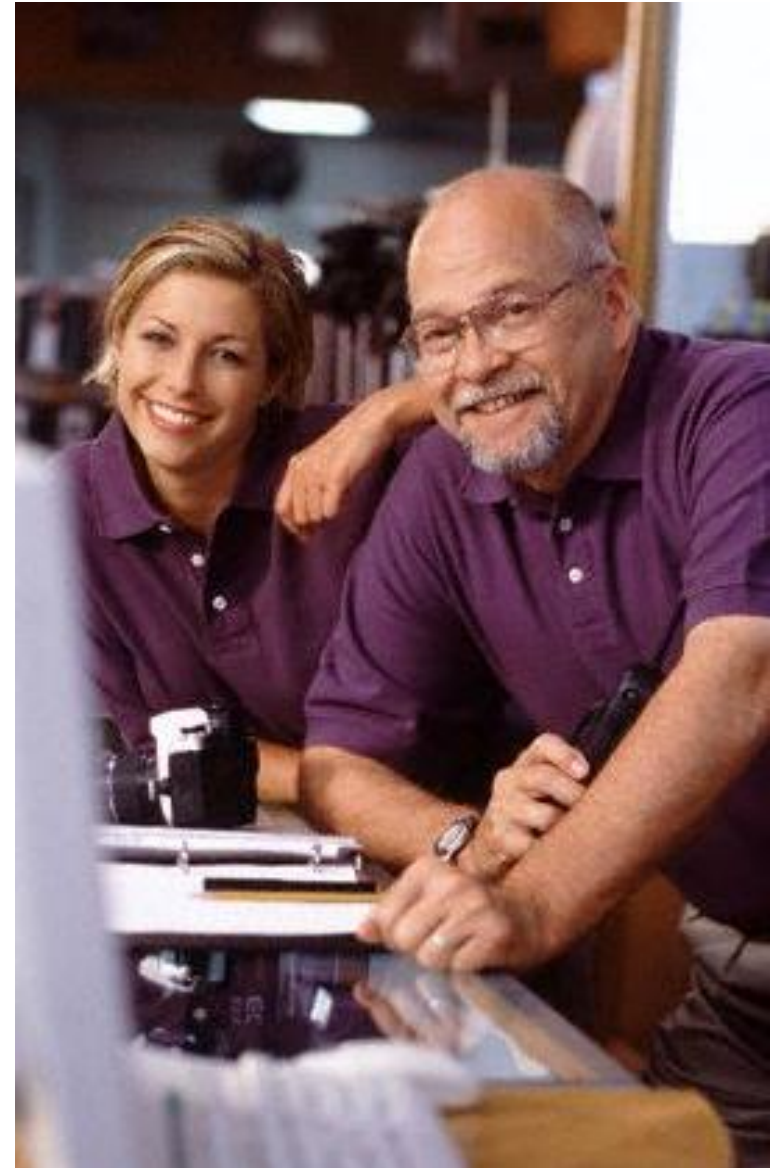
Governor Jim Doyle: Address to the State Senate on October 26, 2007

Higher tax rates on the megarich do not kill jobs or slow growth



Higher taxes do not impede job growth

Tax Status	Median private sector job growth 2001-10
10 States with the highest business taxes/economy size	+ 3%
10 States with the <u>lowest</u> business taxes/economy size	-2%
10 States with the highest business taxes on new investment	0%
10 States with the <u>lowest</u> business taxes on new investment	-2%

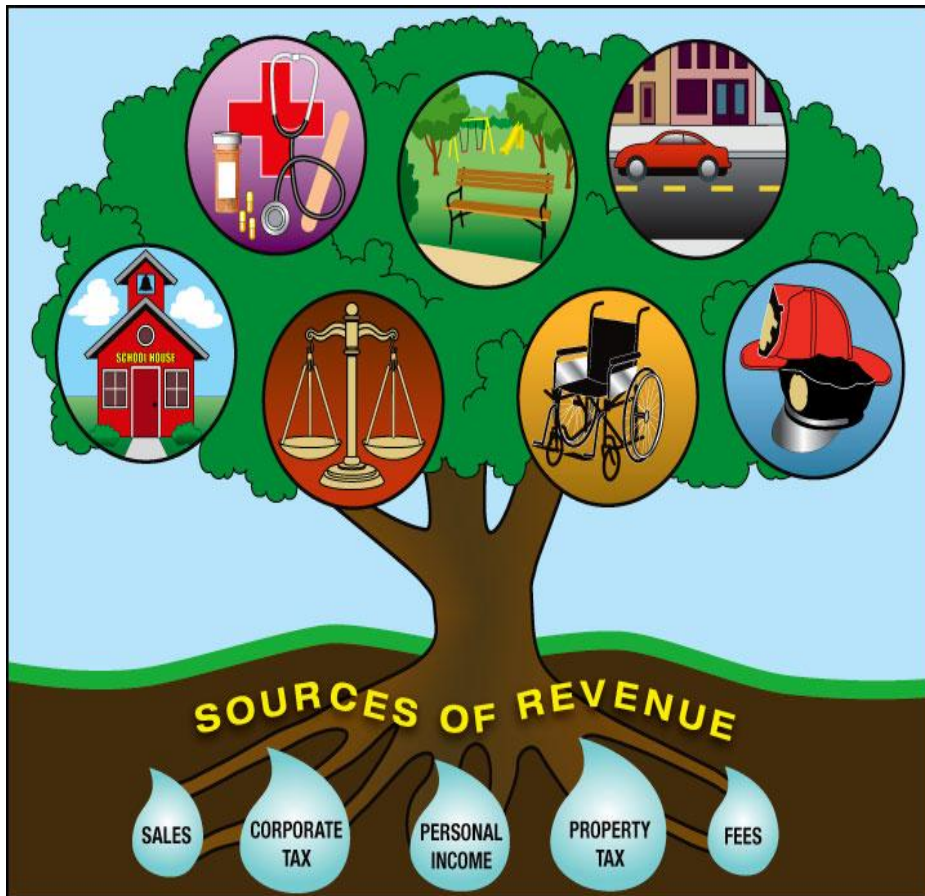


A few progressive federal revenue options

Tax reform	Annual amount (est.)
Cap mortgage interest for incomes above \$100,000	\$30 billion
Tax capital gains and dividends as ordinary income	\$77 billion
Repeal Bush tax cuts on incomes above \$250,000	\$40 billion
Surcharge 5% on incomes above \$500,000	\$50 billion
Restore estate tax limits and rates	\$28 billion
Financial speculation tax	\$175 billion
Eliminate deferral foreign corporate income	\$24 billion

Sources: US Congress Joint Committee on Taxation; Center on Budget and Policy Priorities; Center for Economic and Policy Research; Congressional Budget Office

Raising revenue to protect communities and citizens



STATE REVENUE OPTIONS

- Taxing investment profits generates \$50 million a year
- Higher tax on incomes over \$300,000 raises \$125 million
- Extend sales tax to personal, business and professional services to raise \$731 million
- Boost sales tax by one penny to raise \$870 million
- Restore the estate tax to its former level to add over \$100 million annually.

Responsible centrists understand the need for revenue, but are quiet about it

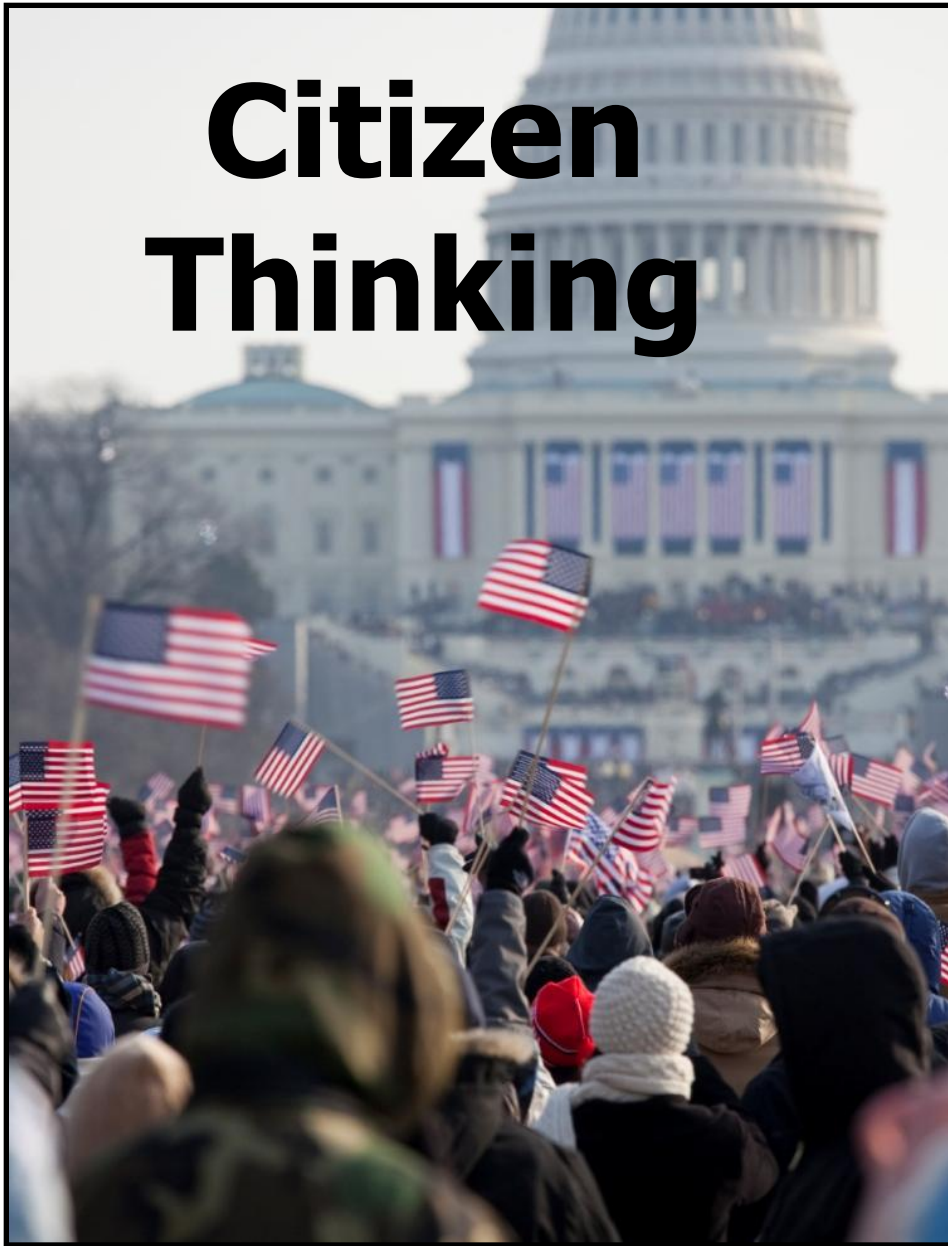
Diane Lim Rogers, Chief economist, Concord Coalition:

“Even on the small government view of the world, we’re going to need more revenue ... In the next ten years, revenue is a far greater source of bringing our budget into greater sustainability than entitlement [cuts]”

Super Committee goal to cut \$1.5 trillion in a decade:

“It’s hard to do that without doing it mostly on the revenue side of the budget.”

Citizen Thinking



We built America's middle class by choices we made through the years.

We cannot abandon public institutions earlier generations worked so hard to build.