

# CHANGING THE GUARD IN WISCONSIN

## A REPEAT OF THE PAST OR A NEW BEGINNING?

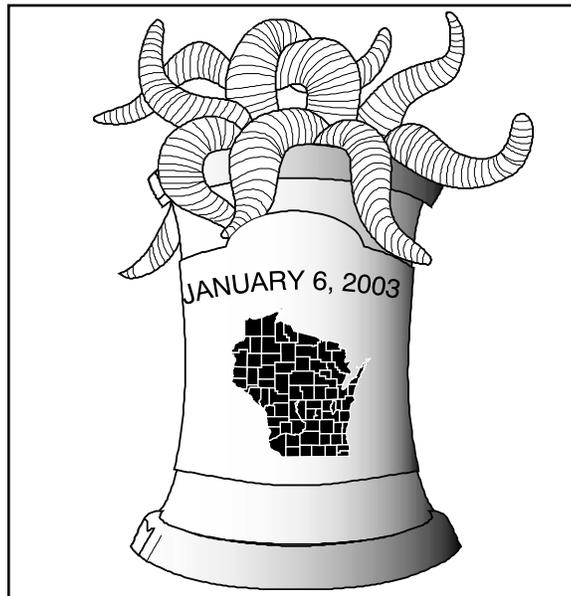
JEFF MAYERS

**T**hank Tommy Thompson, Chuck Chvala and E. Michael McCann. If you wanted a clean sweep of the old leadership in Madison, you got your wish.

On January 6, 2003, a new governor and a new slate of legislative leaders officially took their places at the Capitol — swept up in a wave of change swelled by the end of the Thompson era, the “caucus scandal,” and opportunistic electioneering by Republicans and GOP-leaning interest groups.

It happened because:

- Tommy Thompson left the governorship after 14 years on February 1, 2001, to take a cabinet post with President Bush, leaving longtime lieutenant governor Scott McCallum to cope with a falling budget and economic trends;
- Former Senate Majority Leader Chuck Chvala became enough of a political villain to pull down Democratic incumbents in the Senate;
- and, Milwaukee County District Attorney E. Michael McCann's office charged Chvala with 20 felonies in the home stretch of cam-



paign 2002. Joining McCann in making pre-election charges was Dane County District Attorney Brian Blanchard, who also charged a trio of Assembly Republican leaders and a top Republican Assembly aide. Earlier, he had charged state Sen. Brian Burke, D-Milwaukee, with a host of felonies, forcing Burke to pull out of the attorney general's race. And speculation in early 2003

was that Blanchard's continuing investigation would hit others.

While there are some holdovers (Assembly Majority Leader Steve Foti, R-Oconomowoc, held onto office and leadership despite legal problems) and the new slate of leaders are not exactly fresh faces to Capitol vets, the ascension of the new political order represents one of the biggest changes to hit Madison in two decades. Twenty years ago, there was a new governor (Democrat Tony Earl), a new Assembly speaker (Democrat Tom Loftus), a new Assembly minority leader (Republican Tommy Thompson), a new Senate majority leader (Democratic Tim Cullen), and a new Senate minority leader (Republican Jim Harsdorf). They faced a mounting fiscal crisis, and one of

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them — Thompson (“Dr. No” at the time) — ended up as a long-term impact player.

This time there's a different political mix (a Democratic governor and Republican Legislature) but the same big problems — a red-stained budget and a cloudy economic future in the state and in the state's largest city.

In Milwaukee, 2002 also brought a wave of change from the courthouse (a new county executive replacing longtime Executive Tom Ament, after a pension scandal) to city hall (a lame-duck mayor, John Norquist, getting ready to leave because of a sex scandal).

In 2003, the new statehouse leadership will be forced to find a solution to the \$2.6 billion-to-\$4.3 billion, two-year budget deficit. From this group, could a star emerge — one able to shape Wisconsin politics for another two decades? Here are the possibilities.

- Democratic Governor Jim Doyle, the 12-year attorney general, beat McCallum in a negative governor's race while pledging to not raise taxes. Doyle started off looking more like a Pat Lucey Democrat than a Tony Earl Democrat. His father, a federal judge, was close to Lucey. His mother, a former state lawmaker from Madison, helped his father build the modern Democratic Party in Wisconsin. The new governor comes into office without a majority of votes and with wounds from a nasty election fight. But if Doyle can rebuild his party after 16 years in the gubernatorial wilderness, keep his moderate Democratic promises, and win re-election in 2006, he could have his own lofty spot in Wisconsin political history.
- Democratic Attorney General Peg Lautenschlager, a former county and federal prosecutor and state lawmaker from Fond du Lac, who succeeded Doyle. While she has little to do with solving the budget mess, she likely will be called upon to take a leadership role in improving the ethical climate.
- Republican Assembly Speaker John Gard, who rose from the co-chairmanship of the budget-writing Joint Finance Committee to win unanimous election to the speaker's post after Scott Jensen was forced from it because of felony charges in the caucus scandal. (Like Chvala and Foti, Jensen is fighting the charges; Jensen also is flexing his muscles as a chair of two important committees — Education Reform and Energy & Utilities.) Gard, married to former state Treasurer and U.S. Senate candidate Cate Zeuske, hails from Peshtigo and gets good reviews for his straight-shooting style. He's mentioned as a possible 2006 congressional candidate or maybe even a gubernatorial candidate (along with 8th District Congressman Mark Green of Green Bay and new Milwaukee County Executive Scott Walker — if he wins a full term in 2004). It might be the majority that Jensen built, but the 58-41 GOP margin will help Gard.
- Republican Senate Majority Leader Mary Panzer, a legislative veteran, whose political team surprised many by sweeping four key races, including a recount in the Sheboygan area. Panzer had been the minority leader in a divided caucus frustrated by the inability to knock Chvala off his pedestal. Then McCann brought the charges, and Panzer's team was ready to pounce. Panzer and her allies took full advantage of the situation and a name-filled criminal complaint to tie Democratic Senators Rod Moen in western Wisconsin and Kim Plache in Racine to Chvala. Wins over Moen, Plache, and Jim Baumgart plus a victory in the open Republican seat once held by Peggy Rosenzweig, R-Wauwatosa, gave Republicans a most improbable 18-15 edge in the state Senate and Panzer a firmer hold on her caucus. She knows the budget from her days on the Joint Finance Committee, and she pledges to reform a Senate that was run in dictatorial fashion by the wily Chvala. Some Republicans think she's too moderate, but she usually scores points for a thoughtful, consensus-building style.

- Democratic Assembly Minority Leader Jim Kreuser. Kreuser was assistant to Democratic Leader Spencer Black, and took over after Democrats lost ground for the sixth election in a row. The Kenosha politician faces a rebuilding effort akin to the one his city had to mount after Chrysler closed most of its operations in the late 1980s. A Democratic majority in the Assembly seems a long way off.
- Democratic Senate Minority Leader Jon Erpenbach. Erpenbach, a Democrat from Middleton only in his second four-year term, leads a dispirited caucus that hopes for influence now that there's a Democrat in the East Wing. Erpenbach early on joined with former Republican leader and now reformer Mike Ellis in pushing for campaign finance reform; that's a good fit, considering he's the brother-in-law of U.S. Senator Russ Feingold and now holds his old state Senate seat. A former radio personality, Erpenbach will need all his good humor to keep his senior members happy and protect freshmen Mark Meyer of La Crosse and Dave Hansen of Green Bay in 2004, given that their names are prominent in the Chvala criminal complaint.

The leaders all started the year with post-election declarations of bipartisan cooperation and a similar set of goals: balance the budget without raising taxes and improve the growth potential of the state's economy.

But few observers expect the cooperative mood to last for long. They see differences in how the principal players will pursue those goals and note that the next election campaign is just around the corner. Reformers also complained that, despite the changes, a “business

as usual” attitude was evident in some quarters; they hope that will invite more charges in the caucus scandal, which has been running since mid-2001, and force politicians to deal with ethics and campaign reform issues they otherwise might choose to leave on the shelf.

In the meantime, the budget deficit and what to do with it dominated media coverage and the minds of voters.

A late November WisPolitics.com/Wood Communications Group poll found the budget deficit to be the number one issue on the minds of Wisconsin citizens. The other high-ranking issues named by respondents to an open-ended question include public education, jobs and the economy, health care, and property taxes. Corruption in public office and ethics reform garnered responses from only 6 percent of those surveyed, according to the poll. Campaign finance reform netted 2 percent. (The telephone poll, conducted November 21-25, surveyed 400 Wisconsin residents. The margin of error was plus or minus 5 percent.)

Eighty-seven percent of respondents said they were “somewhat concerned” or “very concerned” that “the budget deficit is serious enough to affect” them and their families. The concern appeared to center on taxes and spending, with 83 percent of those responding somewhat opposed or strongly opposed to raising taxes while 84 percent were strongly supportive or somewhat supportive of cuts in state spending. Feelings ran high on the issues, with 66 percent saying they strongly opposed raising taxes and 54 percent saying they were strongly supportive of cuts in state spending.

But those polled were skeptical about state politicians, doubting they would deliver. They were asked: “When all is said and done, do you believe Governor Doyle and the Legislature can balance the budget without

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raising taxes?" The answers were: 51 percent no, 37 percent yes, and 12 percent not sure.

Citizens also said they would probably not re-elect officials who raised taxes even if they "had to raise taxes because of a worsening economic situation." Forty-four percent of those surveyed said they would not vote to re-elect such officials, 34 percent said they would, 16 percent said it "depends," and 7 percent said they were not sure.

The poll showed that citizens were not in the mood for permanent or temporary sales tax boosts, increased state income tax rates, increased user fees, higher gas taxes, new local tax levies, or higher tuition. The only taxes they were really open to raising, according to the late November poll, were those on tobacco. They slightly supported the idea of broadening the sales tax base and slightly opposed the idea of higher business taxes. But higher rates on major taxes or dramatically higher auto user fees seemed to be a political no-no.

On spending cuts, citizens appeared to favor cutting state employees (they were less in favor of cutting state employee benefits), and state agency budgets. They were split on cutting aid to local government, money for prisons and health care for non-state employees. And they were against cutting aid to public schools, tech colleges and universities. In addition, the poll indicated citizen support for economic development. Eighty (80) percent of those surveyed said the role of economic development is "very important" in "improving Wisconsin's economic situation." Another 17 percent said it's "somewhat important." In addition 71 percent of those surveyed said they would support "investing state tax dollars for economic development programs." In the question, economic development was defined as "increasing the number of companies doing business in Wisconsin to increase the number of jobs available in the state."

The poll was taken before Doyle's December budget listening sessions and before the new Doyle administration was in place. But Doyle had already shown that he was not about to beat a retreat on the no-new-taxes

pledge of his campaign. After the poll was out, a top Doyle official ruled out expanding the sales tax base even though the poll suggested citizens were open to that option. And Doyle frequently repeated his opposition to tax increases and started to lay the ground work for reduced services.

Doyle, it was clear, didn't go through the election as a moderate Democrat so that he could commit a special kind of political suicide in his first budget plan. He obviously thought there was a way out of the fiscal box, and his appointment of Marc Marotta as administration secretary and David Riemer as budget director showed he was looking for fresh eyes to find better ways to manage state finances.

So if Doyle and the Legislature don't raise taxes or many fees, they must cut big programs such as the UW System, shared revenue, and/or school aid. Doyle hinted at a hybrid foundation plan (where a set amount of money would follow students, no matter where they lived) using the amount of money now appropriated for K-12 education programs. But redistributing the money between rich and poor districts would be very controversial — especially in the suburban, Republican ring around Milwaukee.

Despite the budget battle ahead, strategists in both parties said that Doyle might not be the one-term sitting duck that some had predicted. Having a Republican Legislature could be beneficial. He can blame Republicans for killing his ideas or force Republicans to come up with equally difficult proposals.

Republicans, in a way, have to help Doyle succeed if they are to succeed. "I don't anticipate letting people down," said Speaker John Gard at a WisPolitics.com forum in December also attended by Panzer and Marotta. "All three of us here say we're not doing it with taxes. . . . The last five years, we've had a growing budget problem, and it's been hard to get the public focused that there actually was a problem. So when they're there, I think that makes it easier to start dealing with some of the necessary medicine." Added Panzer: "If we are able to paint a vision of a better day, peo-

ple will be willing to make the sacrifices to get us in balance. . . . There's only one way to do that — it's through less government, not doing business as usual.”

Marotta, who often represented business interests at the establishment Foley & Lardner law firm, spoke the language of business. “Government has to respond more quickly, more efficiently, and unfortunately has to do with less,” he said. “There's no way we can make this a worse climate to do business, or worse climate to attract people from all around to be in.” And at the core, that means no new taxes. “We've pledged to rule out any new taxes. That means any type of taxes. Whether it is imposing more mandates on local government to cause local taxes to increase. Whether it means exposing more people to taxes. Taxes are taxes,” he said.

None of the three promised the state's expensive commitment to fund two-thirds of the costs of public schools was safe. Gard said school spending has to be looked at because it's such a big part of the budget. Panzer said the QEO (qualified economic offer, or teacher pay cap), revenue caps and the two-thirds state commitment all have to be on the table. And Marotta said, “To the extent that we can stretch the education dollar, we will.”

Panzer put the budget hole, including growth, at no more than \$2.8 billion over two years. Marotta pegged it at about \$3.4 billion.

Twenty years ago, during the state's most recent fiscal crisis, Tony Earl and the Democratic Legislature got blamed for raising

taxes, giving rise to the tax-and-spend liberal label that dogged Democrats throughout the Thompson years. When Earl entered office, the deficit for the upcoming two-year budget (much smaller in those days) was pegged at \$1.5 billion, and Earl's aides were talking openly of sluggish revenue returns and of “permanent tax increases.”

Not only did Earl sign legislation to make permanent the 5 percent state sales tax (which had been increased a year earlier under Republican Governor Lee Dreyfus to cover another emergency), he had to put a 10 percent surtax on the state income tax to make ends meet. And the state resorted to issuing operating notes to borrow for state operations. “Everything was broke,” Earl told WisPolitics.com correspondent Neil Shively in late 2002. Earl was pleased during that interview that someone remembered that he ended the surtax and actually reduced the personal income tax to about 7 percent at the top rate by the time he relinquished the office to Tommy Thompson in 1987. The state sales tax has remained at 5 percent.

But it was too late for Earl; he had been labeled “Tony the Taxer” by Republicans. Doyle, a Madison Democrat, has a chance to turn the tables. If with the help of a Republican Legislature he can get through the next two years without getting tagged as a tax-raiser, and if he can catch a sustained economic recovery, he could be well on his way to reelection. In the process, he might explode the tax-and-spend rap that has worked so well for Republicans.