



# DIGGINGS

PUBLISHED BY THE BADGER INSTITUTE

## Legislators in lockstep

BY MIKE NICHOLS

Election reforms designed to wrest control from the parties and to fix political dysfunction are gaining support



**Housing Authority competes with private developers**

BY KEN WYSOCKY

**Where dental therapy is longer in the tooth**

BY KEVYN BURGER

**Wealth tax doomed socialist mayor Emil Seidel**

BY MARK LISHERON



## Think politicians and bureaucrats are looking out for you? Think again

Politicians like to talk about being “public servants.” But whom are they really serving?

Our cover story suggests the answer is party leaders, who have rigged the system to funnel all power to the top on both sides and discourage any real discourse. As former Lt. Gov. Margaret Farrow, the subject of our Frontlines profile who is also quoted in the cover story, says, many of our elected officials no longer have a voice.

Conservatives like Congressman Mike Gallagher and HUSCO International CEO Austin Ramirez, frustrated by the calcification of our democracy, are joining Wisconsinites from the other side of the aisle to push for a solution worth exploring — and none too soon.

Several of our other stories this fall point to ***a second possible answer to the question of whom our elected leaders are really serving: Government.***

Dave Daley delves into the latest example of politicians’ utter aversion to axing ineffective, wasteful programs like the Job Corps center in northern Wisconsin. Richard Esenberg shows how school district officials in Madison want to supplant parents. And Ken Wysocky and Jay Miller investigate the baffling inability of bureaucrats and politicians in Milwaukee and Madison to differentiate between government and the private sector.

Wysocky’s excellent piece on the Housing Authority of the City of Milwaukee’s dream of building a 32-story skyscraper downtown with lots of market-rate apartments to go with the swimming pool and fitness center is

particularly troubling.

This was not an easy story to report. Politicians and government bureaucrats who control zoning and permitting have an enormous amount of power over real estate developers who, as a result, are pretty careful with their words. The fact that they’re speaking up and wondering why the city wants to undermine the free market is a testament both to Wysocky’s skill as a trusted journalist and the real concern among business leaders.

Finally, we all know that the Democratic National Convention is coming to Wisconsin in July, and it looks increasingly like a socialist will be the nominee. Expect a lot of blather about the wonderful vision of Milwaukee’s old “Sewer Socialists” and promises to pick up where they left off.

Elizabeth Warren and Bernie Sanders might want to do themselves a favor, the thing is, and first read Mark Lisher’s piece about the last socialist who proposed a wealth tax around here.

If the idea of a socialist president bothers you, by the way, you might want to skip Dan Benson’s story about who might end up paying some of the costs of the convention:

Yep, you.

So, whom are the politicians and government bureaucrats really serving?

That question, you’ll see inside, has a different answer.

*Mike@BadgerInstitute.org*

### MISSION STATEMENT/

## Badger Institute

*Founded in 1987, the Badger Institute is a nonprofit, nonpartisan 501(c)(3) guided by the belief that free markets, individual initiative, limited and efficient government and educational opportunity are the keys to economic prosperity and human dignity.*

### Publisher

Badger Institute

### Editor

Mike Nichols

### Managing Editor

Mabel Wong

### Art Direction

Helf Studios

### Contributors

Dan Benson  
Kevyn Burger  
Dave Daley  
Chris Edwards  
Richard Esenberg  
Janet Fee  
Marilyn Krause  
Mark Lisher  
Jay Miller  
Mike Nichols  
Ken Wysocky

### Photography

Richard D. Ackley Jr.  
Kevyn Burger  
Janet Fee  
Darren Hauck  
Robert Helf  
Jeffrey Phelps

### Board of Directors

#### CHAIRMAN:

Tom Howatt

David Baumgarten  
Ave Bie

Catherine Dellin

Jon Hammes

Gail L. Hanson

Corey Hoze

Jason Kohout

David Lubar

Bill Nasgovitz

Jim Nellen

Maureen Oster

Ulice Payne Jr.

Tim Sheehy

Mike Nichols, President

### Contact Us

#### ADDRESS:

700 W. Virginia St., Suite 301  
Milwaukee, WI 53204

PHONE: 414.225.9940

WEBSITE: [www.badgerinstitute.org](http://www.badgerinstitute.org)

EMAIL: [info@badgerinstitute.org](mailto:info@badgerinstitute.org)

### Social Media

Follow us on:

FACEBOOK, LINKEDIN

TWITTER: @badgerinstitute





### Badger Briefing: Here's what we're hearing ...

Numbers and nuggets from trends we've observed on an array of topics — from community corrections and revocations to migration from Illinois to dental care access. .... **5**

### Legislators in lockstep

Election reforms designed to wrest control from the two major parties and to fix political dysfunction are gaining support. .... **30**

### Frontlines: A profile of Margaret Farrow

The public always comes first for Wisconsin's first female lieutenant governor and longtime legislator. BY MARILYN KRAUSE ..... **46**

### Culture Con: Parental involvement usurped

The Madison school district assumes it — not the parent — knows what's best for gender-transitioning children. BY RICHARD ESENBERG ..... **50**

### Government's unfair housing foray

The Milwaukee Housing Authority's luxury apartment project downtown competes with private developers. BY KEN WYSOCKY ..... **6**

### The perils of state-run retirement plans

State government needn't have a hand in retirement-savings fix; private-sector options already proliferate. BY JAY MILLER ..... **14**

### No need for state-run student loan refinancing

Over 180 credit unions and banks across Wisconsin offer student loan refinancing products and/or student loans. BY JAY MILLER ..... **18**

### Where dental therapy is longer in the tooth

Minnesota dentists now see, and get, value from dental therapists, who've been practicing in that state for a decade. BY KEVYN BURGER ..... **19**

### Federal programs won't go away

Even failed and troubled ones like the Job Corps training centers are nearly impossible to shut down. BY DAVE DALEY ..... **23**

### Wealth tax doomed socialist Emil Seidel

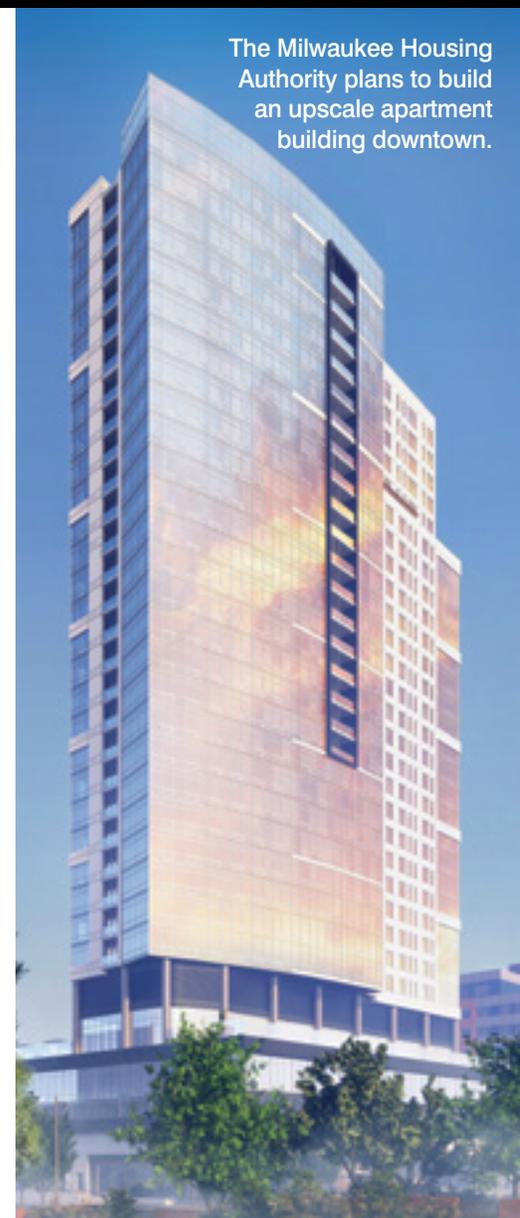
Milwaukee's first socialist mayor blamed his 1912 re-election loss on his call to tax the assets of the rich. BY MARK LISHERON ..... **36**

### Tax on wealth is counterproductive

The bulk of the wealth of the very rich is in business assets, which benefit the economy. BY CHRIS EDWARDS ..... **39**

### DNC convention: Who's gonna pay?

The Democratic Party's track record and the event's unknown price tag suggest taxpayers may be on the hook for the convention in Milwaukee next July. BY DAN BENSON ..... **42**



The Milwaukee Housing Authority plans to build an upscale apartment building downtown.

# GIVE THE GIFT OF A FREE WISCONSIN

– free from onerous taxation, overregulation and burdensome debt

**The Badger Institute** invites you to make the prosperity of our state part of your long-term plans through a gift in your will or estate plan.

**Legacy gifts** permanently unite you to our mission to protect the principles of free markets, limited government, individual initiative and personal responsibility that are essential to our democratic way of life.



How to give:

*Leave a donation of a particular dollar amount or a portion of your estate by including the appropriate language in your will. ("I give and bequeath the sum of \$\_\_\_\_\_ to the Badger Institute, Milwaukee, WI.")*

*Or designate the Badger Institute a beneficiary of a charitable trust, retirement account or life insurance policy.*

For more information or to let us know about a will or estate gift, contact

Development associate  
**Kirsten Golinski**  
at 229-894-4496 or email  
[kirsten@badgerinstitute.org](mailto:kirsten@badgerinstitute.org)



**BADGER  
INSTITUTE**

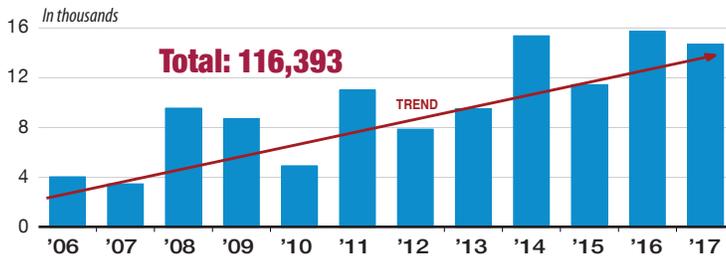
Free Markets ■ Opportunity ■ Prosperity



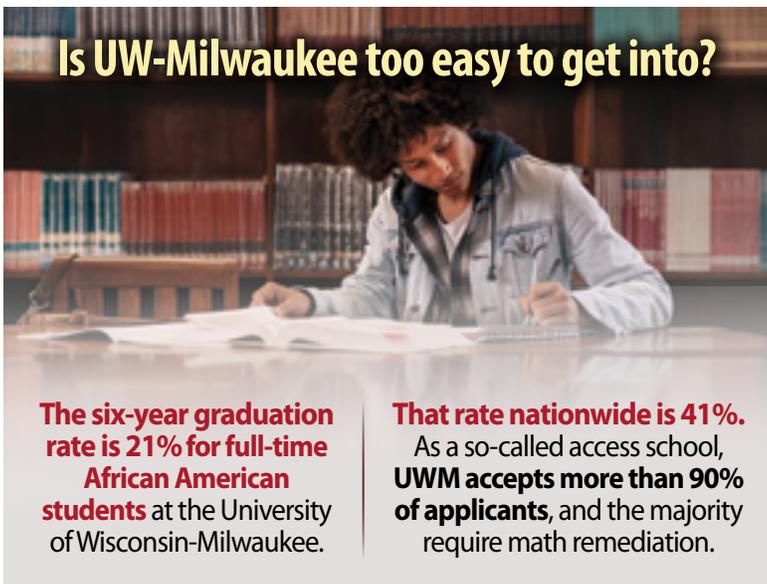
Source: Reason Foundation's 24th Annual Highway Report

### Net migration from Illinois to Wisconsin 2006-'17

About half of the net inflow of more than 116,000 residents to Wisconsin took place between 2014 to 2017. Nationally, Illinois was the top state for outbound migration in 2017, with Wisconsin being one of the top beneficiaries.



Source: Badger Institute's "Leaving Illinois for Wisconsin" report



**The six-year graduation rate is 21% for full-time African American students** at the University of Wisconsin-Milwaukee.

**That rate nationwide is 41%.** As a so-called access school, **UWM accepts more than 90% of applicants**, and the majority require math remediation.

Source: University of Wisconsin-Milwaukee's report, "UW-Milwaukee and the Achievement Gap"



**65,000**

**ex-offenders**

are outside of prison in Wisconsin but under the supervision of the Department of Corrections at any given time. The state spends **\$216 million a year** on community corrections.

**Alcohol and other drug abuse** is a leading contributor in 81% of revocations for those on community supervision.



Source: Badger Institute's "Ex-offenders under watch" report

**"Over 90% of Wisconsin's 72 counties have too few dental care providers, with over 1.2 million Wisconsinites living in designated shortage areas."**

— Jason Hicks,

Ph.D. candidate at the University of Minnesota, in state Senate testimony in support of dental therapist legislation in Wisconsin

# Government's unfair housing foray

Milwaukee Housing Authority's luxury apartment project competes with private developers



Convent Hill South is an upscale high-rise planned for downtown Milwaukee.

KORB + ASSOCIATES ARCHITECTS RENDERING

*“The natural progress of things is for liberty to yield, and government to gain ground,” Thomas Jefferson famously wrote in 1788. “As yet,” he added, “our spirits are free.” Some 231 years later, they might not be much longer if government leaders and bureaucrats continue trying to take over traditional private-sector enterprises like housing development, retirement planning and lending. See our package of stories on Pages 6 to 18.*

**By Ken Wysocky**

**A**n unusual upscale, high-rise apartment building in downtown Milwaukee that will offer a blend of affordable and market-rate units has some real estate developers concerned about the emergence of an unlikely new competitor in the luxury housing market: the Housing Authority of the City of Milwaukee.

Tentatively known as Convent Hill South, the \$150 million, 32-story development — slated for construction on the north side of downtown — is a hot topic among developers for two primary reasons.

First, the developer is the City of Milwaukee via Travaux Inc., a nonprofit development arm of the Housing Authority. Second, the project will employ a concept called mixed-income housing, in which some units will command the going market rate for rent, while the rest will be available to low-income earners at below-market rates.



Convent Hill South will include office space and apartments.

KORB + ASSOCIATES ARCHITECTS RENDERING

Neither the percentage of units that will be affordable vs. market-rate or rental rates have been finalized, although it’s likely that the majority will be market-rate apartments. “It all depends on the financing and on what the market is demanding as well,” says Scott Simon, Travaux’s vice

president of business development.

The handful of developers who agreed to talk to the Badger Institute about the project emphasized that they support the project’s goal of increasing the availability of affordable downtown housing. They also support the concept of people with diverse income levels living side by side.

“There’s nothing wrong with blended housing,” says Stewart Wangard, owner of Wangard Properties. “It’s something we should encourage so we have inclusion and diversity, including income levels. It’s all a part of creating a strong fabric in a neighborhood.”

See **HOUSING** on Page 8

## A Housing Authority subsidiary with a social mission

**T**he controversial Convent Hill South mixed-income apartment building has thrust into the spotlight its developer, Travaux Inc. — a little-known, nonprofit arm of the Housing Authority of the City Milwaukee (HACM).

Travaux has maintained a relatively low profile since its incorporation in 2013, but that changed dramatically when officials in April announced plans to build Convent Hill South.

The upscale development is a marked departure from a typical affordable housing project developed by the HACM, a government agency that is primarily funded by the federal government but is effectively controlled by

the City of Milwaukee.

As such, the project has raised eyebrows among developers, some of whom have criticized the efficiency of using Housing Authority funds to build upscale, high-rise housing, even if it includes some affordable units. They also question the merits of a government agency directly competing with private developers on luxury apartment buildings in an already crowded marketplace.

But Warren Jones, vice president of construction for Travaux and a former HACM director of development, says private developers shouldn’t be concerned about

See **TRAVAUX** on Page 8

## TRAVAUX from Page 7

competition. “We’re not out to take someone else’s money away,” he notes. “Our hope is to create our own niche and not displace any other developers.”

So what is Travaux (a French word that loosely means “work” or “labor”), and what is its purpose?

It’s essentially a wholly owned subsidiary of the Housing Authority, says Jones, who worked for the HACM for 20 years. He describes Travaux as a real estate development company with a social mission that provides construction-management, property-management and consulting services.

### The Travaux, Housing Authority link

Travaux is governed by a 10-member board of directors; the seven-member Housing Authority board of directors appoints members to the Travaux board. **Some Travaux board members have strong ties to Milwaukee city government**, including Antonio Perez, who’s also executive director of the HACM, and current and former aldermen.

Travaux’s budget for 2019 is \$4.4 million. It’s 30 employees are paid through revenue generated by construction-management contracts and property-management/consulting fees, says Amy Hall, communications coordinator for the HACM.

Some employees used to work for the Housing Authority. Rehiring those employees at Travaux saves the authority money by reducing the so-called legacy costs of post-retirement pensions and benefits, Jones says.

To get Travaux off the ground, the HACM provided seed money of \$98,000 and a \$3 million line of credit. Travaux finances construction projects with either funds from the U.S. Department of Housing and Urban Development (HUD), private investors or commercial loans, Hall says.

As a nonprofit, any income that Travaux generates above and beyond its expenses flows back to the HACM, where it’s used to fund affordable housing projects and amenities, Hall says.

Created by a state charter in 1944, the HACM essentially is a conduit for federal and state affordable housing funds. The authority technically operates independently from the City of Milwaukee, but the mayor appoints board members. The Common Council then approves those appointees.

See **TRAVAUX** on Page 10



KORB + ASSOCIATES ARCHITECTS RENDERING

The project will include a patio for residents, a swimming pool and a fitness center.

## HOUSING from Page 7

But at the same time, some developers expressed concerns about the Housing Authority’s new role as a luxury apartment developer, saying it infringes on the free market and strays from the agency’s mission of providing affordable housing.

**“I think the Housing Authority should stay true to its mission.”**



**Stewart Wangard,**  
owner of  
Wangard Properties

“Solving disparities in housing in the city of Milwaukee is entirely appropriate and a good thing to do,” says Blair Williams, president of WiRED Properties. “But it’s the market-rate piece of this project that seems to be raising issues ... the perspective is that the Housing Authority is becoming a competitor in the free-market development community.”

“It’s certainly a non-traditional role,” says Wangard, referring to the city acting as a developer. “The Housing Authority has an important role — to provide safe and affordable housing for as many people as possible. ... But I think the Housing Authority should stay true to its mission and maximize

the opportunities it has with the dollars it has to spend,” he continues.

“If its mission revolved around building luxury housing, then I’d say go for it. But there are plenty of other talented people, both in our city and coming in from other areas, that can provide that kind of housing,” Wangard says.

In response, Simon says nothing is stopping developers from building mixed-income projects themselves. The Housing Authority is still focused on its primary mission of providing affordable housing, he contends. “That is the focus of this project. It’s just focused on *better* affordable housing.”

“If you look at what the Housing Authority has done to create affordable housing, it’s historically skewed toward developments with 100 percent affordable units,” he explains. “But part of what we’re trying to do is create less-isolated communities and give residents the opportunity to bootstrap themselves.



Simon

“This concept has been gaining traction nationwide over the last 20 years,” Simon adds. “It’s new to Milwaukee but not to the rest of the nation.”

Moreover, the market-rate units eventually could generate income that can help fund other Housing Authority

See **HOUSING** on Page 10

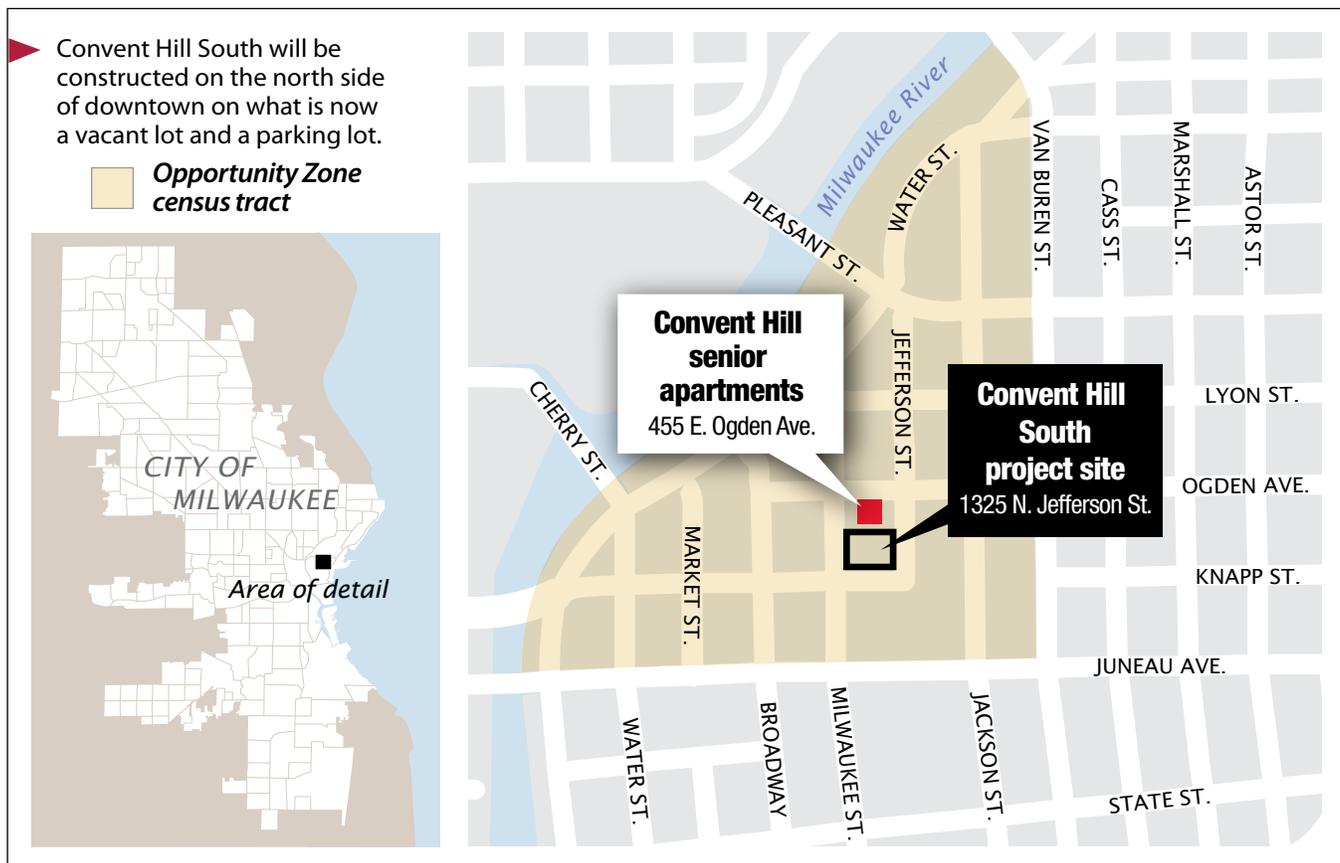
## Opportunity Zones stray from original intent

Census tract number 55079011300 on the north side of downtown Milwaukee doesn’t look like a disadvantaged area in need of urgent economic stimulus. Nonetheless, the tract is one of 120 statewide — and 34 in the city of Milwaukee — designated as a so-called Opportunity Zone.

The case for calling this tract economically distressed is not very compelling. Its median household income is a shade north of \$43,000, roughly 10% more than the median income for Milwaukee residents overall. The median value of owner-occupied housing units is \$210,100, compared to \$115,800 citywide, according to the U.S. Census Bureau. And the poverty rate in the tract is 21%, barely above the 20% qualification threshold, census data show.

Moreover, the tract — a triangular-shaped parcel bounded by the Milwaukee River on the northwest,

See **ZONES** on Page 11



**TRAVAUX** from Page 8

The Housing Authority receives no funding from the City of Milwaukee, although it does make an annual payment in lieu of taxes (PILOT) to the city, which is 10% of its rental income minus utility expenses. In 2018, that payment was \$871,131, Hall says.

The HACM's operating budget for 2019 is approximately \$40 million. The agency receives money from HUD to operate its public-housing units and a voucher rental-assistance program. In addition, it competes for low-income housing tax credits issued by the Wisconsin Housing and Economic Development Authority (WHEDA) to build and rehabilitate affordable housing, Hall says.

A HUD operating subsidy as well as rental income from HACM-owned properties fund employees' salaries, she says.

Travaux effectively morphed from the HACM's old modernization and development services department, which developed properties owned by the Housing Au-

## The Travaux board

**Mark Wagner,\* Chairman**, retired Realtor  
**James Bohl**, former Milwaukee alderman who now works for the City of Milwaukee Intergovernmental Relations Division

**Grady Crosby**, vice president of public affairs and chief diversity officer at Johnson Controls

**M. Joseph Donald,\*** 1st District Wisconsin Court of Appeals judge

**Eugene Guszowski**, architect and principal at AG Architecture

**Kimberly Hurtado**, construction law attorney and founder of Hurtado Zimmerman SC

**Eugene Manzanet**, community lending manager at US Bank

**Daniel McCarthy**, executive at Zilber Property Group and former Department of City Development employee

**Antonio Perez**, executive director of Housing Authority of the City Milwaukee

**Khalif Rainey**, Milwaukee 7th District alderman

*\* Also on HACM Board*

thority. But unlike that department, Travaux is allowed to provide construction-management services and can work outside of Milwaukee County.

A primary reason for Travaux's creation is the slow erosion of federal funding for affordable housing. Travaux can generate revenue by developing real estate, such as the Convent Hill South project, and working with housing authorities around the state as a consultant or a construction/project manager, for example, Jones says.

"As federal funds continue to dwindle, we need to find income streams that will allow us to continue to develop and build our portfolio," he says.

"And one thing we know how to

do is real estate development."

Moreover, HUD is encouraging housing authorities nationwide to innovate by creating entities such as Travaux, which can generate revenue in the face of declining federal funds, Hall adds. 

— Ken Wysocky

**HOUSING** from Page 9

efforts, he says.

### More competition

The Badger Institute contacted nearly 20 developers to ask what they thought about the city entering the market

for luxury housing. Most did not respond or opted to only talk off the record, citing concerns that criticizing the city could jeopardize future development proposals. But most of those interviewed agreed that the project is a hot-button topic among Milwaukee developers.

The Housing Authority's entry into the high-end housing



**"It's inherently disruptive to the way the real estate market in Milwaukee has come to understand the playing field."**

**Blair Williams**, president of WIRED Properties

arena could make it more difficult for developers to pursue future downtown projects, Williams says. That's particularly true as the local market for high-rise luxury apartments downtown appears to be reaching a saturation point after years of strong activity.

"This just gives the development community pause because it upsets the understood roles in an established market," he explains. "It's inherently disruptive to the way the real estate market in Milwaukee has come to understand the playing field."

The city's interest in building high-end housing, even if blended with affordable units, could come at the expense of private-sector developers who now may find it more difficult to obtain funding for their projects, Williams says.

Simon disputes that notion, noting that all developers — whether in the public or private sector — “play with the same set of rules” and have access to the same kinds of financing.

## A unique approach

Josh Jeffers, president and CEO of J. Jeffers & Co., says he was surprised when he first heard about Convent Hill South, noting that it's a “pretty outside-the-box approach.”

While Jeffers concedes to having mixed feelings about it, he ultimately is optimistic that it's a proactive step toward providing high-quality, affordable housing downtown.

Jeffers also disputes the notion that the Housing Authority somehow is competing with private-sector developers of upscale housing projects. Why? Because as a blended-income development, Convent Hill South is a hybrid that private developers typically don't build anyway.

Developer Kalan Haywood, owner of the Haywood Group, also had a mixed reaction to the project, especially since about half of the projects his company builds are affordable housing developments.



Haywood

“Looking at it from a developer's standpoint, yes, there's another developer in your space,” he says. “On the other hand, competition is good — competition drives the best deals. And any time you can drive a good, quality housing project downtown ... and draw in potential residents who otherwise wouldn't live there, it's a good thing.”

Haywood says he would've preferred to see Travaux ask local developers to partner in the Convent Hill South project. Simon hints that such partnerships might be feasible on future projects.

## No subsidies sought

Announced last April and approved by the Milwaukee Common Council without discussion in early July, Convent Hill South (so named because a convent once occupied the land) is a first-of-its-kind project in the city.

It represents a decidedly different take on affordable housing — a rejection of the decades-long, failed approach to affordable housing, which essentially ware-

See **HOUSING** on Page 12

## ZONES from Page 9

North Van Buren Street on the east and East Juneau Avenue on the south — hosts a variety of newer upscale housing complexes, including The North End, the Avenir, Rhythm and The Flatiron.

In addition, the recently approved Convent Hill South mixed-income apartment complex, a 32-story high-rise, will stand within the tract on a prime piece of downtown real estate at 1325 N. Jefferson St. Travaux Inc., the project's developer, says the Opportunity Zone program will be an important funding source.

The tract also includes a swath of the Milwaukee School of Engineering campus, restaurants, taverns and many other businesses. In fact, websites for apartment and condo complexes in the area tout the neighborhood's rich variety of art galleries, restaurants, pubs and numerous other amenities.

Yet the tract still meets the criteria for Opportunity Zone financing. **This flagrant disparity between the distressed designation and economic reality vividly illustrates one of the problems with this federal program**, which is coming under increasing criticism and scrutiny since it was enacted as part of the income tax code overhaul passed by Congress in 2017.

The goal of the zones is simple: Encourage investment in low-income, underserved urban areas by providing investors with tax breaks if they pump unrealized capital gains into special opportunity funds. The private-sector funds then must inject at least 90% of their capital into the more than 8,700 Opportunity Zones established nationwide, theoretically boosting disadvantaged areas.

The program aims to tap into an estimated \$6 trillion in unrealized capital gains held by American households and corporations. But as *The New York Times*, *The Wall Street Journal* and several public policy think tanks point out, the program doesn't always benefit the people it's designed to help.

## Criteria too broad

How does this happen? Part of the problem is the overly broad zone criteria, which allows census tracts to qualify even if they're not truly economically distressed. Furthermore, there aren't any requirements regarding what kinds of projects must be built in the zones, critics note.

As such, this has led to construction of upscale hotels, apartments, office towers and the like instead of projects that benefit low-income residents, says Stan Veuger, an economist for the Washington, D.C.-based American

See **ZONES** on Page 13

## HOUSING from Page 11

housed poor people in isolated developments, promoting racial and economic segregation.

The building will stand on a 1.4-acre parcel at 1325 N. Jefferson St. on what now is a vacant lot and a parking lot, both formerly occupied by another Housing Authority building that was demolished more than a decade ago.

The high-rise will be located on the same block as — and will stand adjacent to — the Housing Authority’s nine-story Convent Hill apartment building for low-income seniors at 455 E. Ogden Ave. The block is bounded by North Milwaukee Street, East Knapp Street, East Ogden Avenue and North Jefferson Street.

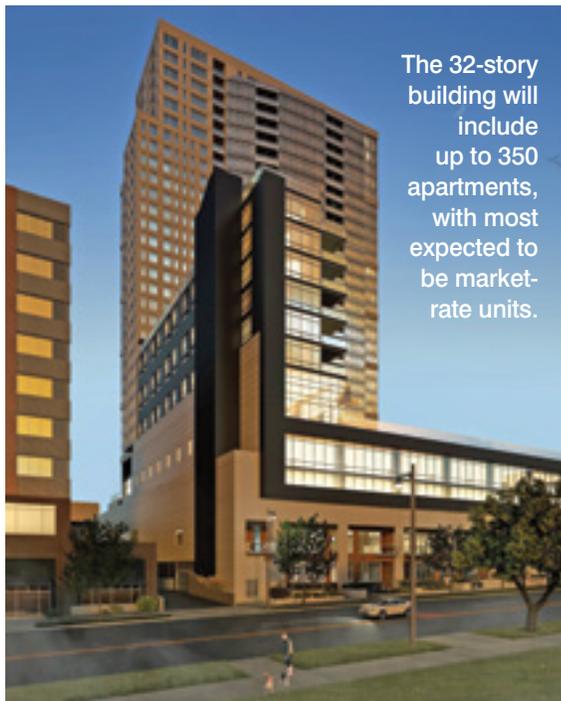
Designed by Korb + Associates Architects, the building will include up to 350 apartments. The tower will rise from a five-story base that will feature 43,000 square feet of office space, a 425-space parking ramp (including spaces for Convent Hill residents), a swimming pool and a fitness center. The top of the five-story building will be used as a large patio for residents.

Most of the apartments will be one- or two-bedroom units, ranging in size from 700 to 1,000 square feet. If everything falls into place, construction could start next year and finish in early 2022, Simon says.

### Funding not yet finalized

Funding sources for the project remain undetermined, but Simon emphasizes that unlike many developers that seek state or local financial assistance, Travaux’s goal is to eschew sources such as tax incremental financing and low-income housing tax credits (LIHTC).

In the latter, private investors receive a federal income-tax credit in exchange for investing in affordable housing projects. But if developers use federal programs such as LIHTC, they’re subject to procurement and hiring requirements, such as prevailing-wage standards, that drive up project costs, Simon says.



KORB + ASSOCIATES ARCHITECTS RENDERING

“Our goal is to avoid city, state and federal assistance if at all possible,” he says. “Instead, we’re aiming for market-rate financing.”

Williams questions the feasibility of that goal, especially since the affordable units will not generate as much rent as the market-rate units, leaving a funding gap.

“I’m very Missouri on all this, as in ‘Show me,’” he says. “I’d love to learn how to do it. If they can build this building without (government) subsidies, more power to them. Then they should go out and build all the affordable housing they can.”

Simon points out that the site is located within a so-called Opportunity Zone, created by Congress as part of the 2017 overhaul of the federal tax code. Develop-

ers that build in Opportunity Zones receive tax breaks for investing in economically distressed neighborhoods. (*See “Opportunity Zones stray from original intent” on Page 9.*)

“Being in an Opportunity Zone allows us to put additional equity in the project,” Simon explains. “We issue Opportunity Zone (tax) credits, and institutional or high-end investors buy them on the secondary market. Then we use the funds to pay for part of the project.”

### Low-rise buildings more economical

Wangard, Williams and other developers question why the Housing Authority wants to build a high-rise rather than a more economical low-rise structure.

“You can build more housing units with the same amount of money if you build low-rise units,” Wangard says. “You pay a substantial premium per unit — 20 to 30 percent higher — when you build a high-rise building.”

“If you look at the efficiency of dollars spent, luxury towers are substantively more expensive than three- to five-story developments,” Williams adds. “The most market-efficient form of housing is a mid-rise, stick-frame apartment building. *Affordable housing is a super-important thing, but I question whether creating this form of affordable housing is a super-important thing* and whether there’s a more cost-effective way to fill that affordable-housing gap.”



Jeffers

Jeffers echoes their concerns. “It’s great to see some innovative, forward-thinking problem-solving to supply more affordable rental housing,” he notes.

“But on the other hand, I’m surprised to see that the first attempt has more in common with the Couture,” Jeffers says, referring to the \$122 million, 44-story luxury apartment building slated for Milwaukee’s lakefront but long-delayed due to financing issues.

While Simon agrees that high-rise developments are more expensive to build, there’s an upside: The building’s valuation will be exponentially higher than a low-rise, which will benefit the city if it’s ever sold. “We’re trying to make the best business decisions possible — operate the

Housing Authority as if it were a business,” Simon says.

Whether a mixed-income development can flourish in downtown Milwaukee is an open question. Such developments have a varied record nationwide, with success and failure dependent on factors that can differ from city to city, studies show.

As for whether another player in the market will tip the balance in terms of limiting opportunities for future upscale housing developments, only time will tell.

“No one knows which one project will be too many,” Williams points out. “But we do know that each one pushes us closer to that edge.” ❏

*Ken Wysocky of Whitefish Bay is a freelance journalist and editor.*

## ZONES from Page 11

Enterprise Institute, a public policy think tank.

“You can look at the criteria and tell that a lot of people will benefit from this program that don’t need federal support,” he says. **“If you’re going to try to present it as a poverty-prevention program, rich people shouldn’t be the beneficiaries.”**

“A lot of the tax benefit goes toward infra-marginal projects that would happen regardless” of Opportunity Zone incentives, he adds. “That’s exactly what people critical of the program warned about.”

The head of a local government watchdog group agrees. Chris Kliesmet, executive administrator of CRG Advocates (Citizens for Responsible Government), says there are census tracts in impoverished areas of Milwaukee that need more help than the one downtown.

“This area already is doing very well,” he says, pointing to the tract’s thriving, high-end housing and businesses. “Go on Google maps and look at all the businesses there. ... Sanford is smack dab in the middle of this tract,” he says, referring to one of Milwaukee’s premier upscale restaurants.

Furthermore, the gentrification of these designated census tracts eventually will raise housing costs, which theoretically will displace the same low-income residents the program is designed to assist, experts observe.

So how were the Opportunity Zones in Milwaukee selected anyway?

First, city officials submitted a list of 165 qualified census tracts to then-Gov. Scott Walker. In turn, he relied on guidance from the Wisconsin Housing and Economic Development Authority (WHEDA) to determine which census tracts to designate. Governors were given authority to designate



SANFORD'S FACEBOOK PHOTO

**The upscale Sanford Restaurant, at 1547 N. Jackson St., is located in the Opportunity Zone.**

up to 25% of their states’ qualified census tracts as zones.

“How Governor Walker narrowed that list was not shared with us,” Jeff Fleming, a spokesman for the city’s Department of City Development, wrote in an email.

When specifically asked why WHEDA designated census tract number 55079011300 as an Opportunity Zone, a spokesperson emailed a reporter a copy of a March 2018 letter to Walker from William Martin, then the business and community engagement director for WHEDA. The letter listed all of the zones selected and the criteria and methodology used to make the zone determinations.

“WHEDA worked with internal and external analysts to evaluate all 479 potentially qualifying census tracts in Wisconsin,” the letter states. “The analysis took into account a wide array of factors that not only considered economic distress, but also the prior history of attracting public-private economic development and access to the infrastructure and other assets that can increase an area’s ability to attract and sustain future economic development.” ❏

— Ken Wysocky

*State government  
needn't have  
a hand in  
retirement-  
savings fix;  
private-sector  
options already  
proliferate*



PHOTO ILLUSTRATION / ROBERT HELF

# The perils of state-run retirement plans

By Jay Miller

First it was the deep blue states — California, Illinois and Oregon — inserting government into the private-sector arena of retirement planning. In recent years, all have ordered employers that don't offer retirement plans to automatically enroll workers into state-sponsored plans unless they explicitly opt out.

Now Wisconsin political leaders of both stripes are exploring whether to follow suit.

Gov. Tony Evers has established a Retirement Security Task Force, led by state Treasurer Sarah Godlewski, to study the retirement-savings problem in Wisconsin and make recommendations accordingly.



Godlewski

Not to be outdone, Republican state Reps. Jon Plumer of Lodi and Cindi Duchow of Delafield in late August unveiled a proposed pilot program called REvest that mimics the state-run, mandated retirement plans launched in other states. A bill has not yet been drafted.

But is state involvement necessary? The question warrants scrutiny because *state-sponsored individual retirement accounts, or auto-IRAs, don't actually fill a void.* Traditional and Roth IRAs already proliferate in the private sector. They can be set up at local financial institutions or online, and many don't even require a minimum contribution. From start to finish, the whole process is relatively simple.

State governments jumping into the mix could prove harmful not only to private-sector IRA providers competing in the same arena but also — and more important — to the targeted employers and employees themselves.

## Workers' other priorities

There are many reasons employees don't save for retirement. To be sure, some of it is due to ignorance, sheer inertia or negligence. In most instances, however, the workers have other costs or debts that demand more immediate attention. As they should.

For example, paying off high-interest credit card debt makes a lot more economic sense than setting aside money in a state-sponsored retirement fund growing at a much slower rate, the Cato Institute explains.

To illustrate the point, Cato notes: "At an 18% interest rate, an unpaid \$5,500 credit card debt would mushroom to \$28,800 in 10 years. The same amount of money directed toward OregonSaves (one of the state-sponsored plans →

## How to set up an IRA

Setting up a traditional or Roth IRA is basically a three-step process:

- 1 **Decide where to open your IRA:** Although different providers offer different levels of services, financial institutions — banks, credit unions, investment firms, mutual fund companies and online brokers — abound to help investors decide which is right for them.
- 2 **Open an account:** It takes just a few minutes. If done online, go to the provider's website, pick either a traditional or Roth IRA and fill out some personal information, including your birthdate and Social Security number.
- 3 **Fund the account:** Usually this means transferring funds from a bank account. It also could mean transferring assets from an existing IRA or rolling over a 401(k).



**“One of the most problematic aspects of a state-sponsored retirement plan is the administrative burden it would place on small businesses.”**

– Tom Parks of Annex Wealth Management

in effect) might accumulate \$12,900 under rosy assumptions about investment returns.”

A local retirement planning expert has witnessed the employees’ dilemma. “Nearly 20 years of experience dealing with American workers has taught me that most people understand they should save for retirement, and they genuinely want to do so. Credit card debt, student loans, living paycheck to paycheck and other budgetary challenges simply prevent them from saving,” says Tom Parks, director of Retirement Plan Services at Annex Wealth Management in Elm Grove.

As for those who can, do and will save, they don’t need government to add another retirement plan to the ones already available in the private sector.

Certainly, financial advisors in the private sector would agree. “Our members, they market retirement products. They don’t see any reason, quite frankly, to compete with the state,” Gary Sanders of the National Association of Insurance and Financial Advisors (NAIFA) told Employee Benefit Adviser.

**The Oregon program and employers**

It is worthwhile to examine the features of OregonSaves, the first plan of its kind and considered a prototype for other states to follow. Oregon launched the program in 2017.

For starters, even though employers without retirement plans don’t pay into the state-run plan, Oregon mandates that they automatically enroll their employees (save for those who opt out) and deduct 5% from employees’ paychecks as contributions to the plan. The deductions increase by 1% per year until 10% is reached. Other requirements also apply. If employers fail to comply, they get dinged with a penalty that can ratchet up to \$5,000 per year.

Many of these small business owners might not wel-

come new mandates rammed down their collective throats. As Annex’s Parks told the Badger Institute, “From the perspective of employers, one of the most problematic aspects of a state-sponsored retirement plan is the administrative burden it would place on small businesses.”

Retirement financial advisors in Oregon share that concern. “Most business owners are naturally suspicious and frustrated by another government mandate,” Ashley Micciche, CEO of True North Retirement Advisors in Clackamas, told Employee Benefit Adviser.

And Tim Wood of Foster & Wood Retirement Plan Advisors in Lake Oswego quotes a CFO of a business hit by the mandate as saying, **“Why would we want the same people that run the DMV running our retirement plan?”**



**Kieckhefer**

That sentiment is echoed in Wisconsin. The state-sponsored plans “should be inexpensive to operate, but they won’t be because they will never be more than small accounts and run by an inefficient bureaucracy,” says Robert Kieckhefer, a longtime retirement specialist who founded The Kieckhefer Group in Brookfield.

**The effect on employees**

Of course, the proof is in the pudding, and so far it would appear that the pudding doesn’t taste all that good.

Although the rollout of OregonSaves continues into 2020 with many employers yet to be reached, as of the end of 2018, 47,000 workers out of a potential total of 1 million had enrolled. Of those 47,000, only 23,000 workers actually had contributed.

For the employees, restrictions abound: 1) the percentage contribution is fixed; 2) their first \$1,000 gets put (no choice) into a stabilization fund that since its inception has earned 1.52% per annum, or basically 0% after factoring in inflation; 3) if and when they have more than \$1,000



Opening an individual retirement account can be done online in a matter of minutes.

invested, they must choose between a fund that is a mixture of stocks and bonds and one that is invested entirely with the State Street Equity 500 Index Fund; and 4) the only retirement vehicle available is a Roth IRA. In short, not quite a “one size fits all” retirement solution but close.

For comparison, in the private sector, Vanguard offers multiple low-cost, exchange-traded and mutual funds listed among *Money* magazine’s “best of” funds for 2019 — most of which averaged an annual return of over 10% during the most recent 10-year period. Further, Vanguard has its own well-established target retirement funds.

Vanguard, of course, is not alone. Fidelity, Principal and countless other firms distribute comparable, retirement-focused products. Directing employees away from these superior investment products arguably does a disservice to the workers themselves as well as to providers competing in the same marketplace.

Even more insidious is the prospect that some employers currently offering retirement benefits would drop their own plans — for example, 401(k)s that often have attractive employer-matching contributions — if they expected the state to pick up the slack.

All of this is not to say there isn’t an acute problem. More than 50% of working Wisconsinites have less than \$3,000 saved for retirement, Godlewski says. However, the state should not mandate a faux solution when real solutions already exist in the private sector. ❖

*Jay Miller of Whitefish Bay is tax attorney and a visiting fellow at the Badger Institute.*

## A limited role for government in easing savings problem

**G**overnment can help ease the retirement-savings problem by making retirement plans more accessible to employers than they are today. That’s already happening at the federal level.

The U.S. Department of Labor just established a rule, which went into effect on Sept. 30, that allows unrelated employers, particularly small employers, to offer joint 401(k) plans. Indeed, unrelated employers in the same or similar business can band together no matter where they are located throughout the United States. Heretofore, none of this was permitted.

That’s encouraging for employers that on their own would shy away from offering a 401(k) plan for employees but may find it manageable when joining forces with other employers. Wisconsin’s Office of State Treasurer told the Badger Institute that the federal rule change is

encouraging but cautions that more may be needed to solve the problem.

There is indeed more on the horizon. A bill is working its way through Congress — already passed by the House on a 419-3 vote — that would permit, among other things, more part-time workers to participate in 401(k) plans and further liberalize the rules for multiple employers to set up such plans. The lopsidedness of the House vote bodes well for its passage by the Senate before the end of the year.

In this case, the federal government has the right approach: Revise existing rules to make it easier for employers to provide a retirement plan for their employees rather than order a new government plan that needlessly overlays what the private sector already offers. ❖

— Jay Miller

## No need for state-run student loan refinancing

Wisconsin state government is looking to insert itself into another arena where the private sector already functions: the refinancing of student loans.

Gov. Tony Evers included a provision in his proposed budget earlier this year to fund a \$50,000 study committee on the issue. Despite the fact that the Legislature's Joint Finance Committee knocked out that funding from the final budget, the Evers administration remains undaunted. State Treasurer Sarah Godlewski is leading the Student Loan Refinancing Task Force that has begun touring the state "to identify problems associated with student loan debt."

That the task force will indeed identify problems and then seek to impose solutions — one of which could be a state-run refinancing authority — seems preordained. Godlewski, in an interview with Wisconsin Public Radio, warned that the current situation is "unjust and something we have to address." By "we," she presumably means the State of Wisconsin.

To be sure, student loan debt is a problem. The average Wisconsin college graduate carries around \$30,000 in debt. As with saving for retirement, however, it begs the question whether government involvement is the solution given that private-sector options already exist.

**Over 180 credit unions and banks from Marinette to Menomonie to Muskego offer student loan refinancing products and/or student loans**, according to the Look Forward to Your Future project of the Wisconsin Department of Financial Institutions.

While those institutions may ask for four years of credit history, which could pose a problem for a just-out-of-college customer, options are available. For example, the UW Credit Union website notes that a "cosigner may also help you obtain a better interest rate, if you don't have credit history."

So what else can be done?

Educating students and their families on the conse-

quences of taking out these loans — that is, financial literacy — is a "key, missing component" of the student debt problem, Sherry Peplinski, educational lending product manager of the UW Credit Union, told the Badger Institute.

A recent University of Wisconsin-Madison graduate agrees that students need to be aware of those consequences.

"At the end of the day, the student took out the loan.

The student is responsible for paying the loan. It is completely in their right for the federal government and private companies to expect the money back," says Lianna Schwalenberg, 23, who graduated in December with a degree in communication arts.

**"I don't think the government ought to be involved in helping people who bit off more than they could chew,"** she says, adding that "the federal government ultimately started this problem when they made student loans incredibly easy to get."

Schwalenberg, who received some financial assistance from her family, says she paid off her Federal Stafford Loan within six months of graduating. She was able to keep her loan manageable "by working 30 hours a week and making frequent payments — all while attending school full time. I never let interest accrue and just worked on chipping away at the principal."

She believes that student loan refinancing is not the role of state government, pointing out that "the state doesn't refinance auto loans or mortgages."

"The state does not need to take part ... because the federal government and private companies already do it. ... If the private sector isn't handling student loan refinancing adequately, who's to say the (state) government would do it any better?"

Schwalenberg says. 

— Jay Miller



**"The state does not need to take part... because the federal government and private companies already do it."**

— Lianna Schwalenberg, recent UW graduate

# Where dental therapy



Dental therapist Lydia Diekmann (left) and a dental assistant assess a patient's tooth.

# is longer in the tooth

By Kevyn Burger

Minnesota dentists now see, and get, value from dental therapists, who've been practicing in that state for a decade

**M**inneapolis, Minn. — Gary Plotz is the equivalent of a dental one-man band.

The only dentist practicing in Minnesota's rural Murray County (population 8,700), Plotz works long days in his office in Slayton, 80 miles from Sioux Falls, South Dakota, and 180 miles from the Twin Cities.

He can give his patients implants, crowns, bridges and root canal procedures, perform minor oral surgical procedures and straighten and whiten their smiles. →

## Dental Therapists

But these days, Plotz, 40, doesn't spend much of his time on what dentists call "restorative care" — drilling and filling cavities. For those appointments, and for exams and care for his pediatric patients, he relies on his dental therapist, Lydia Diekmann.

"In our area, we have a big need for basic services, so it's a perfect scenario for a dental therapist. Having Lydia on staff allows me to offer advanced care to a greater number of patients, with a shorter waiting time," he says.

When its Legislature authorized dental therapists a decade ago, Minnesota became the first state in the nation to license dental therapists. Dentists initially were overwhelmingly opposed but have had a collective change of heart.

"Dentists were wary. They weren't ready to change. I saw surveys when the legislation passed that 80 percent did not want dental therapists," says Karl Self, a dentist and dental educator who directs the dental therapy program at the University of Minnesota.

He has tracked attitudes about dental therapists from Minnesota dentists and is preparing to publish his findings in a scholarly journal. Spoiler alert: He's found that attitudes — and the employment picture for dental therapists — have changed dramatically.

"Now 60 to 70 percent (of dentists) support the change, and in the last two to three years, we've reached a tipping point. Now we don't have enough dental therapists for the dentists who want to hire them. Dentists are always asking us why we can't produce more," Self says.

Like nurse practitioners in the medical field, who offer patients more advanced care than a nurse but less than a physician, dental therapists are mid-level professionals who can provide more oral care than dental hygienists but less than dentists. Dental therapists, who work under the supervision of dentists, are trained to provide routine oral care services and build cost efficiencies into the health care system.

"Dental therapists allow the dentist to practice at the top of the license and meet complex treatment needs. They can do about 60 common procedures; dentists are trained to do

hundreds," explains Bridgett Anderson, executive director of the Minnesota Board of Dentistry, which regulates the state's dental profession.

### 'There aren't enough of them'

In September, the Minnesota Health Department Office of Rural Health and Primary Care released a report on Minnesota's Dental Therapist Workforce.

Based on 2018 research, the report counted 92 dental therapists working in Minnesota, a number that has grown to 100 today.

"With only 100 in a dental workforce of 17,000 (which includes dentists, dental assistants and dental hygienists), their impact is anecdotal, but it is all positive," Anderson says, noting that the board has to date not taken any disciplinary or corrective action against a dental therapist.

**"The only downside is there aren't enough of them,"** she adds.

"There are degree programs at Metro State University and the University of Minnesota, and there's a proposal to add another program at Minnesota State University, Mankato. As more graduates are practicing, the profession will exponentially grow," Anderson says.

The Minnesota legislation that established the dental therapy profession requires that they work in settings that primarily serve low-income, uninsured and underserved patients, or in areas designated as dental health

professional shortage areas.

"Access is a problem and a challenge in both greater Minnesota and metropolitan areas. While we have people who are qualified for care through coverage in public programs, if there isn't a dentist, it doesn't mean much," says Joe Lally, executive director of the Delta Dental of Minnesota Foundation. The foundation annually invests \$5 million in nonprofits, community clinics and programs that provide safety net care and prevention and education.

The foundation has created dental therapy scholarships to recruit students of color to the emerging profession. It also has provided grants and funded pilot projects in two rural communities to pay the first year's salary of a dental



**"In our area, we have a big need for basic services, so it's a perfect scenario for a dental therapist."**

**— Gary Plotz, dentist in Murray County, Minnesota**

## Patients reap the benefits of dental therapy

**St. Paul, Minn.** — Through an interpreter, dental therapist Katy Leiviska explains to Sana Tamang how her 4-year-old son, Ryan, would benefit from the application of dental sealants.

“We usually don’t do this with baby teeth, but he has some deep grooves and pits in his teeth, see here?” says Leiviska, showing Tamang the boy’s back teeth illuminated by the bright light hovering over him. “If we seal them, it prevents decay.”

When the interpreter asks Tamang in her native Nepali language if she wants the protective treatment for her son, Tamang nods vigorously.

Leiviska picks up her tools and begins, cheerfully singing, “Paint, paint, paint your teeth,” to the tune of “Row, Row, Row Your Boat.”

In her role as a dental therapist at the two HealthPartners clinics in St. Paul, Leiviska provides basic exams and preventative treatments to patients with state-based insurance.

“I see kids from immigrant families who have never had access to dental care. Unless something hurt, they didn’t go in,” she says.

“When we see the kids, we can teach the whole family about taking care of their teeth and encourage them to come in for regular appointments. We don’t want them to be afraid of the dentist,” she adds.

See **PATIENTS** on Page 22



Dental therapist Katy Leiviska works on Ryan Tamang as his mother, Sana, looks on.

KEVYN BURGER PHOTO

therapist as incentives to add the position.

When the year was up, the foundation’s research concluded that the addition of the dental therapists generated positive financial returns at both clinics.

“When the grant ended, both clinics retained the therapist position — they saw the value of it,” Lally says.

“It saves money in the larger dental economy because the dental therapist isn’t paid at the same rate as a dentist. There are people who are getting care because there is a dental therapist on the team.”

### Breaking down barriers

Katy Leiviska was accepted in the inaugural class of dental therapists at the University of Minnesota, beginning her coursework in 2009 and graduating in 2011. She had applied to dental school but changed plans when she heard about the new program.



**“Now we don’t have enough dental therapists for the dentists who want to hire them.”**

— Karl Self,  
dentist and dental therapy educator  
at the University of Minnesota

“I liked the people-centered care and the smaller scope of practice. The schooling was less expensive and shorter,” says Leiviska, now 33. “But it took me 11 months to find my first job. It was new and controversial. Dental practices thought they couldn’t spend the time and resources to figure out how to integrate a dental therapist.”

Self credits inter-professional connections forged in the academic setting for breaking down barriers among the newest generation of dentists.

“We educate dental therapists alongside our dental students; they collaborate, take some of the same exams and must demonstrate the same quality of care,” Self says. “Our

graduates who are now buying practices and making hiring decisions know their value. They see dental therapists as

See **DENTAL** on Page 22

## Dental Therapists

**DENTAL** from Page 21

a way to provide more services to their community, with better economics.”

The job that Leiviska ultimately found was with Health-Partners, which had lobbied at the state Capitol for dental therapist legislation. She works at the nonprofit’s two dental clinics in St. Paul, providing services for low-income patients who are eligible for state-based care.

“I’m a good tool in the toolbox,” she says. “I see kids, the immigrant population, patients just out of the prison system. I’ve worked with a lot of patients who can’t get jobs because their teeth look bad, and the smile is the first thing anyone notices. I can give them their confidence back.”

***In just a decade, the environment for dental therapy students has become more welcoming.*** In the final year of her program, Claire Roesler, 24, is seeing doors open even before she earns her diploma.

“I’m not concerned at all about finding a job. There are so many options and openings. In the class above us, all of them had jobs when they graduated.”

Roesler, from Wisconsin Rapids, grew up the daughter of a small-town hospital administrator. That experience inspired her to pursue dental therapy.

“I’m passionate about bringing care to underserved and rural communities, and I want to make a difference, so this is a good fit for me.”

### **From patient to practitioner**

Plotz met his dental therapist when she was his patient.

Diekmann was still in high school when she expressed interest in dentistry and shadowed Plotz on the job. When she was in college, the dentist suggested that she pursue dental therapy.

“I told her, when you finish, I will have a job for you. I think it encouraged her,” he says.

Diekmann, 29, began working in Plotz’s office after graduating from the University of Minnesota program in 2013. Plotz has supported her taking additional training to become an advanced dental therapist, which allows her to work more independently.

“Out here, we have a lot of mid-level providers in health care, so when we explained Lydia was like a nurse practitioner or physician’s assistant, patients were receptive,” Plotz says. “Lydia has been great for our patients and our area.”

“It’s been a positive experience all the way around,” he says. ❏

---

*Keryn Burger is a Minneapolis-based freelance writer.*



**Patient Paul DeLisi says of Katy Leiviska’s skill: “I couldn’t tell the difference from a regular dentist.”**

KEVYN BURGER  
PHOTO

**PATIENTS** from Page 21

Leiviska, an advanced dental therapist, is also experienced at filling teeth for both children and adults, a task that would have required a dentist prior to the addition of dental therapists to the oral health team.

### **Better option than ER**

When Paul DeLisi settled into Leiviska’s chair on a cool fall morning, he had two cavities. An exam and X-ray in June had identified the decay.

DeLisi had procrastinated in scheduling an appointment when his situation became urgent. A sudden pain flare-up left his teeth sensitive to hot and cold, causing him discomfort.

“I called yesterday, and they told me they could get me in this morning,” says DeLisi, 42, of suburban St. Paul. There would have been a wait to see a dentist, but Leiviska had an opening.

***“I’ve never heard of dental therapists, but what she does made perfect sense when she explained it,”*** he says.

Leiviska used anesthetic injections to numb DeLisi’s mouth, then filled his two molars.

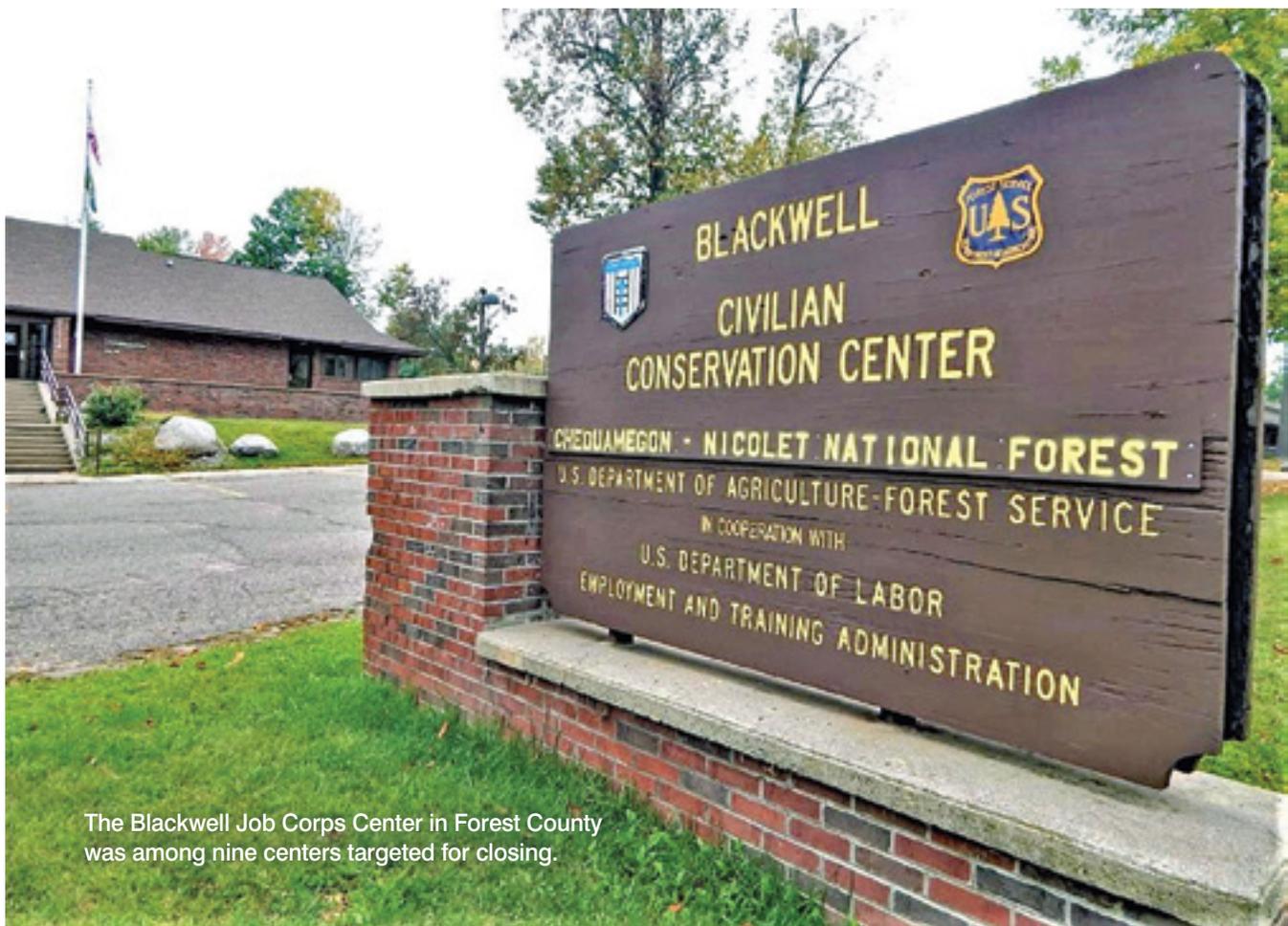
“This is the sort of problem that creates pain, and we know some people go to the emergency room for relief,” she says. “The clinic is a much better option. The ER can’t do anything for them but prescribe antibiotics, and it runs up the bill for the state.”

With his mouth still numb, DeLisi gives Leiviska a crooked smile as he thanks her for her expertise and relieving his toothache.

“I couldn’t tell the difference from a regular dentist. Since she specializes in fillings, I’d say she’s an artist,” he says. “This was awesome.” ❏

— *Keryn Burger*

# Federal programs won't go away



The Blackwell Job Corps Center in Forest County was among nine centers targeted for closing.

RICHARD D. ACKLEY JR. PHOTO

Even failed and troubled ones like the Job Corps training centers are nearly impossible to shut down

**By Dave Daley**

**H**ere's a bizarre tag team for you: liberal Democrat Tammy Baldwin, the Madison darling of the left wing, teaming up with uber-conservative North Woods Trump supporter Sean Duffy to take down an administration plan to ax a rural job training program.

U.S. Sen. Baldwin and then-Congressman Duffy →

were the state’s political odd couple. Poles apart ideologically, the two found common ground in the one area on which all politicians seem to close ranks: federally funded jobs for voters back home.

**On paper, the Trump proposal in May was a no-brainer:** Close nine low-performing Job Corps centers operated by the U.S. Agriculture Department — including one in north-eastern Wisconsin — and transfer 16 other centers to the U.S. Labor Department, a better fit for a job-training agency.

The 25 rural centers targeted were Civilian Conservation Centers (CCC), a subset of the Job Corps run by the Ag Department’s Forest Service. The Labor Department operates the remainder of the 123 Job Corps centers across the country.

Part of sweeping changes in the Trump administration’s 2019 budget, the proposals would cut as many as 1,100 federal employees — and, to boot, would help reform and restructure a long-troubled Job Corps program that costs taxpayers \$1.7 billion a year.

Agriculture Secretary Sonny Perdue made his case: Too many of the 25 CCC job centers were underperforming.

There was resistance from the start. The Job Corps has been a favorite of liberals going back to President Lyndon B. Johnson’s anti-poverty programs in the 1960s. The uproar was immediate and loud, and Baldwin helped lead the fight.

### Laona center targeted

One of the centers on the chopping block was the Blackwell Job Corps Center in Laona in Forest County. Baldwin, with a political base in the Democratic strongholds of Madison and Milwaukee, saw the political calculus: Stopping the Blackwell closing would help her with voters in Trump country in the North Woods.

**The surprise was Duffy, long a deficit hawk and proponent of a balanced budget.** Closing nine facilities in a problematic federal agency and reducing the federal payroll should have been right in his wheelhouse.

But 55 of those targeted federal employees were in Duffy’s district, which covers most of northern Wisconsin. Shutting down Blackwell would hurt the “blue-collar recovery” in the Badger State, the Wausau congressman



Duffy



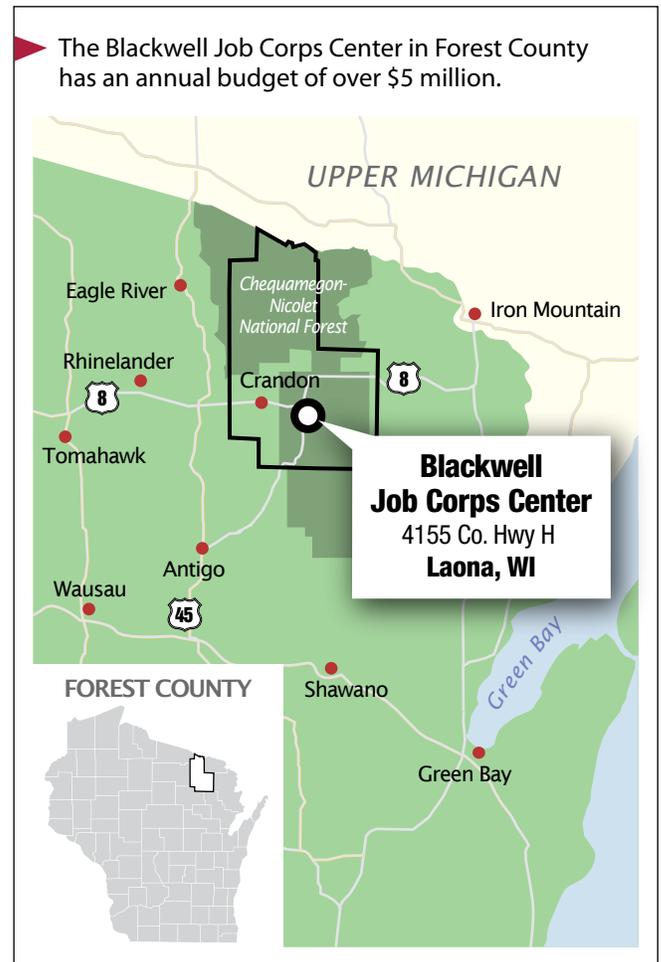
Baldwin

argued in a statement to Wisconsin Public Radio in June.

The Baldwin-Duffy tag team took different approaches: The senator introduced legislation to block the closures and signed onto a bipartisan letter of opposition to the secretaries of labor and agriculture, while the congressman lobbied the White House itself.

“I’m working with the administration directly on this because there is a greater chance of success,” Duffy explained in his June statement. The congressman, who resigned on Sept. 23, did not respond to requests for comment, nor did Baldwin.

The concerted outcry worked. In June, after a month of





BLACKWELL JOB CORPS CENTER PHOTO

The Blackwell Job Corps Center, which opened in 1964, can house up to 127 students in its five dormitories.

protests, the Trump administration reversed its decision.

Politics appears to have played a part in the backtracking: Many of the centers set to close were in states carried by Donald Trump in 2016, including Arkansas, Kentucky, Montana, North Carolina and Wisconsin. And those centers were in rural areas, bastions of his support.

### **Audits expose ineffectiveness**

Unquestionably, the Job Corps' objective is laudable: Give poor kids, teenagers in foster care and youths with difficult home lives free vocational training. At the Job Corps centers, disadvantaged youths learn skills at taxpayer expense with the aim of getting them jobs as carpenters, welders, masons, construction laborers and health care

workers. The rural CCC centers also train youths as first responders to natural disasters such as wildfires and for other jobs in rural areas.

The free vocational training for the nearly 50,000 students in Job Corps programs — with about 3,000 at CCC centers — is not free, though. *U.S. taxpayers pay between \$15,000 and \$45,000 per student trained*, according to estimates.

Whether taxpayers are getting a good return on their investment is highly questionable. Government audits over the past decade have skewered the program as ineffective and unsafe for too many students and raised questions that positive performance reports by the agency itself →

were the result of cheating.

Even President Barack Obama saw the need for reform, with his administration closing three underperforming Job Corps centers, including one in Florida where a student was hacked to death by other students in 2015.

***Last year, a Labor Department inspector general report savaged the entire program.***

“Job Corps could not demonstrate the extent to which its training programs helped participants enter meaningful jobs appropriate to their training,” the audit concluded.

Private contractors working for the Job Corps did not provide students with effective help in obtaining jobs: More than half of the random sample of graduates in the audit were placed in jobs similar to their previous work, including some who returned to their old jobs, the report found.

“Finally, Job Corps contractors could not demonstrate they had assisted participants in finding jobs for 94 percent of the placements in our sample,” the report continued. “Participants either found jobs through their own efforts

### About the Job Corps

- Federal program began in 1964.
- Annual budget of \$1.7 billion.
- 123 centers across the U.S. including 25 rural Civilian Conservation Centers.
- Operated by the U.S. Labor Department, with the CCC centers operated by the U.S. Agriculture Department.
- Trains disadvantaged youths ages 16 to 24.
- Nearly 50,000 students per year, including about 3,000 at CCC centers.

or without clearly documented contractor assistance.”

The inspector general noted that the Job Corps paid contractors \$50 million over a two-year period for transition services. “But we found insufficient evidence demonstrating they had provided the services required by their contracts,” the report concluded.

That highly critical study followed similar audits over the years, including one in 2011 that found that the Job Corps placed graduates in jobs unrelated to their training, found jobs for them that required little or no training — such as fast-food cooks and dishwashers — and “in general overstated the success of its job placements.”

Some of the data in the 2018 study is horrendous.

#### **Job placement failures**

The inspector general’s office followed the careers of more than 230 students trained in the Job Corps and found that five years after graduating, trainees were earning a median annual income in 2016 of just \$12,105, or around the poverty level. By comparison, the median annual income for individuals without a high school diploma or equivalency degree was \$26,988.

Fifty-four percent of the graduates saw no improvement in the types of jobs they landed after the training, the study found. It cites as an example a fast-food cook who took Job Corps carpentry classes for nearly a year and then could only find a job as a pizza waiter. Five years later, the graduate was working at a convenience store earning \$11,000 a year. “Job Corps reported this as a successful graduation and



BLACKWELL JOB CORPS CENTER PHOTO

In Blackwell center classrooms, students learn at their own pace.

Blackwell students helped build a campus gazebo in 2015. The center provides training in welding, carpentry, bricklaying and construction labor.



U.S. FOREST SERVICE PHOTO

placement,” the study noted.

The study is replete with similar findings of Job Corps students returning to their same employer after graduation. A retail store cashier spent 310 days in the Job Corps learning how to lay bricks, graduated and then returned to the same store as a stock clerk — again, listed by the Job Corps as a successful graduate and placement, the study said.

Year after year, inspector general reports and audits by the government’s General Accounting Office (GAO) have pointed out serious mismanagement at the Job Corps.

A GAO study last year found more than 13,000 safety →

**More than half of the random sample of Job Corps graduates in a 2018 Labor Department audit were placed in jobs similar to their previous work, including some who returned to their old jobs.**



TAMMY BALDWIN TWITTER PHOTO

U.S. Sen. Tammy Baldwin posted this photo on Twitter on July 12, tweeting: “When Trump tried to close it (Blackwell), I fought back to save jobs & keep the center open.”

and security incidents involving students from July 2016 to June 2017, with 48% of the incidents involving drugs and assaults. Twenty-one students died in 2016, with two of them homicides, the study noted. The GAO found over 49,000 safety and security incidents since 2007, including 265 deaths.

U.S. Rep. Virginia Foxx (R-N.C.), who as head of a congressional committee on education and the workforce, has been a sharp critic of the Job Corps. She supported Trump’s original closure plan, calling the changes “an important first step in reforming the program so that it actually works.”

***“The failures of the program do a disservice to students, staff and the American taxpayers who pay for the programs,”*** Foxx said on the House floor in June.

“There is ample documentation about the systemic deficiencies in Job Corps, and over 30 different government reports and audits have raised concerns over the safety and security of participants,” she added.

Chris Edwards, director of tax policy studies at the Cato Institute and editor of [DownsizingGovernment.org](http://DownsizingGovernment.org), agrees that the training centers are ineffective. “They’ve never worked very well or at all,” he says. “Federal auditors have always been a bit dubious of them.”

Edwards co-authored a 2011 study that found multiple, overlapping federal employment and training programs — 47 in all — and concluded that federal job training laws were more “political symbolism” than any genuine help. “The programs provide only marginal benefits at best,” the study found.

Its bottom line: Politicians support such training to look as though they are helping, whether the programs work or not.

### **Supporters value Blackwell**

The news in May that the Trump administration planned to close the Blackwell center in Laona hit the area hard.

“Blackwell has a budget in excess of \$5 million,” says Mark Ferris, president of the Forest County Chamber of

## A retail store cashier spent 310 days in the Job Corps learning how to lay bricks, graduated and then returned to the same store as a stock clerk — listed by the Job Corps as a successful graduate and placement, a 2018 audit found.

Commerce. Much of that money is spent locally by the center's students and 50-plus employees, he says. The center, which opened in 1964, has a capacity for 127 students.

"In a county of our size, 9,000 people, a facility such as Blackwell is very important," adds Ferris, who owns the Little Pine Motel in Hiles. The announcement prompted some staff and students to leave, he says.

Craig Wolfretz, the center's acting director, confirms the departures, saying the **August enrollment was 61 students**. "That is down from May," he says.

He also acknowledges that some employees left recently but said that was due to planned retirements. Asked for the current staff total, he said, "I really cannot comment any further."

Wolfretz emphasizes that keeping Blackwell open is important, both for its students and the local economy. "The key point is the validity of Job Corps," he says. "The opportunity it provides youth to obtain training ... the positive impact it has on the community."

In June, when Blackwell learned of the administration's reversal, staff members shared the news via intercom to students in the five dormitories.

The students were "super excited," says Lorie Almazan, a guidance counselor at Blackwell for the past 17 years. "Then they knew they wouldn't get kicked out of their dorms."

In the Job Corps, students learn at their own speed, depending on the career and the pace students set for themselves. A graduate can spend 18 months or more in the program.

Almazan is cautiously optimistic that the reversal will hold, noting that the feds' official statement used the

phrase "for the time being" on keeping the centers open. "There was no guarantee," she says.

### Programs hard to cut

The failure to close Blackwell and eight other underperforming Job Corps centers as a way to save money echoes the administration's losing skirmish two years ago to scrap the \$300 million Great Lakes Restoration Initiative — a battle also lost because of blowback from Republican members of Congress.

Arguing that the program was duplicating state efforts and could be eliminated without hurting the environment,

Trump budget-cutters included the Great Lakes initiative as part of \$2.6 billion in cuts to the Environmental Protection Agency.

The proposed cuts sparked an intense lobbying effort to save the initiative that included Democrats, environmentalists, bureaucrats, and tourism and outdoor groups. And joining them? Mike Gallagher, Glenn Grothman and Jim Sensenbrenner — three Republican congressmen from Wisconsin who in the past have lamented the bal-

looning federal deficit.

President Ronald Reagan ran into a few buzz saws himself trying to reduce federal agencies during his two terms in the 1980s. "A government bureau is the nearest thing to eternal life we'll ever see on this earth," Reagan quipped. "Government programs, once launched, never disappear."

Copy down that quote and send it to the bruised budget-cutters in the Trump administration trying to shut down underperforming Job Corps centers. ❌

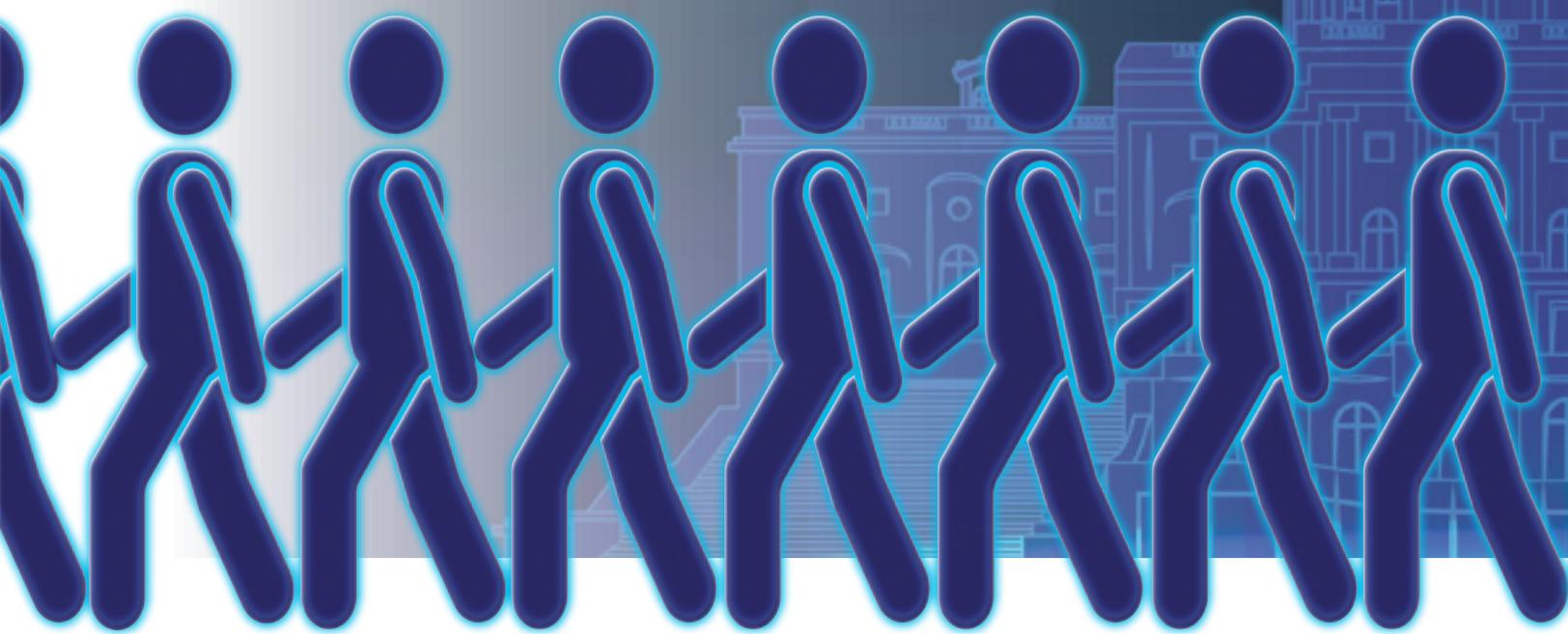
*Dave Daley is longtime Wisconsin journalist.*



RICHARD D. ACKLEY JR. PHOTO

**Staffing and enrollment at Blackwell have declined since May.**

# Legislators in lockstep



**By Mike Nichols**

**S**cott Klug, the former Republican congressman from the Madison area, wasn't a big fan of Newt Gingrich, so when the Georgian was rounding up votes for speaker of the House in 1995, Klug decided to vote "present." Not "yes," not "no," just "present."

That did more than just aggravate Gingrich; it riled up Haley Barbour, then chairman of the Republican National Committee and the de facto leader of the Republican Party.

Barbour called up Klug and disinvited him to a big, formal dinner where there were going to be lots of Republican Party donors who, Barbour informed him, might not appreciate Klug's disruptive behavior.

"Haley," Klug recalls responding, "if my penalty for breaking with the party is not having to go to a black-tie dinner, can you stay pissed at me for the rest of the year?"

Klug, four years into his tenure as a congressman at that point, had an independent streak that you don't see much of today. He and other members of the Wisconsin delegation like Steve Gunderson, Toby Roth, Peter Barca

# Election reforms designed to wrest control from the parties and to fix political dysfunction are gaining support



Klug

and Tom Petri all still felt free to somewhat regularly depart from party orthodoxy.

Latter-day Republican Congressman Mike Gallagher from Green Bay, elected in 2016, is showing signs of a similar streak. He says, in fact, that he is open to a new way of conducting primaries and general elections that would wrest some control away from the parties —

and is likely to get him disinvited from a few Washington soirées himself.

Gallagher, though, is much more isolated in his fight than Klug ever was. Klug, to borrow his own words, is “to some degree a creature of a forgotten time,” when dissent from party orthodoxy was more common.

Klug voted with his party on so-called unity votes — those in which majorities of both parties were on opposing sides of an issue — 76% of the time, but he had a fair amount of contrarian company. Gunderson voted with the majority of his Republican colleagues only 71% of the →

## Party Unity: From bucking to backing

Members of Wisconsin’s congressional delegation are increasingly toeing the party line. Current members are highlighted in white.

U.S. senator or representative*	Party unity score**	Terms
William Proxmire (D)	67	1957-1989
Steve Gunderson (R)	71	1981-1997
Scott Klug (R)	76	1991-1999
Les Aspin (D)	80	1971-1993
Bob Kasten (R)	80	1981-1993
Toby Roth (R)	80	1979-1997
Peter Barca (D)	81	1993-1995
Jim Moody (D)	82	1983-1993
Tom Petri (R)	83	1979-2015
Jay Johnson (D)	84	1997-1999
Clement Zablocki (D)	84	1949-1983
Mark Neumann (R)	85	1995-1999
Gerald Kleczka (D)	88	1984-2005
Herb Kohl (D)	88	1989-2013
Russ Feingold (D)	89	1993-2011
Ron Kind (D)	89	1997- today
Mark Green (R)	91	1999-2007
Jim Sensenbrenner (R)	91	1979- today
Tom Barrett (D)	92	1993-2003
Robert Kastenmeier (D)	92	1959-1991
Dave Obey (D)	93	1969-2011
Mike Gallagher (R)	94	2017- today
Sean Duffy (R)	96	2011-2019
Reid Ribble (R)	96	2011-2017
Paul Ryan (R)	96	1999 -2019
Glenn Grothman (R)	97	2015- today
Ron Johnson (R)	97	2011- today
Steve Kagen (D)	97	2007-2011
Tammy Baldwin (D)	98	1999- today
Gwen Moore (D)	98	2005- today
Mark Pocan (D)	98	2013- today

\*All Wisconsin congressmen and senators who served between 1983 and 2018.

\*\*Party unity represents the percentage of recorded party unity votes on which a member voted “yea” or “nay” in agreement with a majority of his or her party. (Party unity votes are those on which a majority of voting Democrats opposed a majority of voting Republicans.)

Source: CQ Roll Call, <https://library.cqpress.com/uspoliticalstats/hub.php?id=10>

time over the course of his 16-year congressional career; Roth and Barca, a Republican and Democrat, respectively, only around 80% of the time.

Compare that to today: Democratic Reps. Mark Pocan and Gwen Moore and Sen. Tammy Baldwin vote in lock-step with their colleagues 98% of the time on party unity votes. Republican Rep. Glenn Grothman and Sen. Ron Johnson vote in line with the majority of their colleagues 97% of the time, according to CQ Roll Call statistics.

Democratic Rep. Ron Kind is the most independent of the current Wisconsin delegation at 89%, with Rep. Jim Sensenbrenner close behind at 91%.

And Gallagher?

His party unity score is 94% — hardly heretical but also not totally indicative of his willingness to depart from the party line. Along with Sensenbrenner, Gallagher was one of only 13 House GOP members, for instance, who voted with all 232 House Democrats to terminate President Donald Trump’s declaration of a national emergency at the Mexican border. Such votes are not easy in the current environment, especially for a relative newcomer.

### Extreme partisanship

Partisanship and polarization have never been this severe, and the newly elected are expected to play along in ways they once weren’t. The evidence is more than anecdotal.

*The ideological gap between the two parties in the U.S. House of Representatives has more than doubled since 1980 and now exceeds the previous high at the turn of the 20th century,* according to Stanford University professor Andrew B. Hall, author of “Who Wants to Run?”

Party leaders are much more successful than they used to be keeping members in lockstep — exactly the scenario feared by John Adams.

“There is nothing which I dread so much as a division of the republic into two great parties, each arranged under its leader, and concerting measures in opposition to each other. This, in my humble apprehension, is to be dreaded as the greatest political evil under our Constitution,” the Founding Father wrote in a letter to Jonathan Jackson in October 1780.

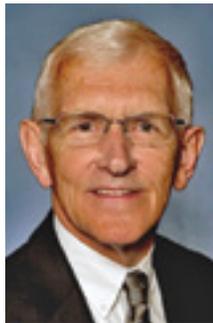
Former Wisconsin congressmen like Gunderson and



Gallagher

Klug, now public affairs director at Foley & Lardner LLP, say they couldn't exist in the current political milieu.

"I've said many times that we are so polarized we are paralyzed," says Gunderson, now president and CEO of Career Education Colleges and Universities in Arlington, Virginia. "We are paralyzed, and you see that. They don't get anything done."



Gunderson

Margaret Farrow, the former Wisconsin lieutenant governor, is equally as dismayed and not just about the nation's capital.

"For years now, decades, if you are in the minority, you have no voice, and it is getting just as bad in Madison, unfortunately," she says. "It is really sad."

**A potential remedy for Washington**

A Wisconsin-based group that sells itself as "a Noah's Ark of Republicans and Democrats," Democracy Found, is trying to change that by pushing for the election reforms that Gallagher says he is open to exploring.

Sara Eskrich, the group's executive director, says they hope to have legislation introduced in Madison by next

spring and "will be working closely with legislative partners."

The group will advocate for open primaries where the top four finishers, regardless of party affiliation or lack thereof, would advance to the general election. General elections, in the meantime, would be decided through "ranked-choice voting."

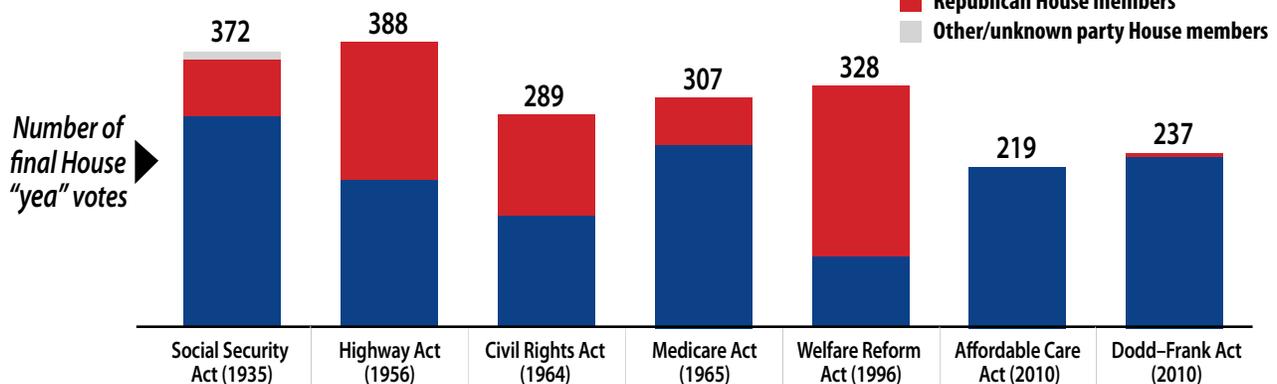
The change would apply only to federal elections, at least initially, not state races. Voters would be asked to rank candidates in order of preference, and a winner would not be declared until one candidate received a majority.

If that fails to happen the first time when votes are tallied, the person in fourth place would be eliminated and each voter whose first choice was that candidate would see his or her ballot instantly move over to his or her second choice. The process would be repeated until one candidate ends up with over 50%.

*The changes are, in essence, a broadside aimed at the two major parties.*

Moderate candidates, supporters argue, would stand a better chance of progressing through the gauntlet of primaries that are currently dominated by the most partisan voters and candidates. The hope is that the ultimate victor would also be more open to legislative compromises without fear of "getting primaried." Over time proponents believe, →

**Declining bipartisan support for landmark legislation**



**Percent of possible votes for each party:**

	Social Security Act (1935)	Highway Act (1956)	Civil Rights Act (1964)	Medicare Act (1965)	Welfare Reform Act (1996)	Affordable Care Act (2010)	Dodd-Frank Act (2010)
Democrats	90%	86%	60%	81%	49%	87%	92%
Republicans	75%	93%	76%	50%	98%	0%	2%
Other/unknown	73%	-	-	-	-	-	-

*NOTE: The number of members of each party has fluctuated over time. Percentages indicate the share of House members of the given party who voted for the legislation. The bills cited above specifically refer to H.R. 7260, H.R. 10660, H.R. 7152, H.R. 6675, H.R. 3734, H.R. 3590, H.R. 4173, respectively. Source: "Why Competition in the Politics Industry is Failing America" by Katherine M. Gehl and Michael E. Porter.*

more people would vote and more candidates without party ties would run.

Gallagher thinks such a system would be “more bottom-up” and would bring in “more of the wisdom of the crowd.”

The changes, he says, “make sense to me.”

Not everyone agrees, especially on the Republican side.

**Opponents point to flaws**

California has moved to a somewhat similar sort of primary, and Klug says it was a “train wreck. Republicans got wiped out.”

Maine, in the meantime, is one of the few states that has tried ranked-choice voting, and Republicans are largely opposed there as well, at least partly because of what happened to Republican Congressman Bruce Poliquin. Poliquin had the most votes after the initial count last November but ultimately lost to Democrat Jared Golden after a third-place candidate was eliminated and votes were reallocated.

Allies of Poliquin complained that it was impossible to review the algorithm used by the computer to determine the winner and called it a “black-box voting system.”

The conservative Heritage Foundation, meanwhile, published a report in August by Hans von Spakovsky and J. Adams that calls ranked-choice voting “a scheme to disconnect elections from issues and allow candidates with marginal support from voters to win elections.”

They question the notion that the ultimate winners have a true majority of support and contend that “so-called reformers want to change process rules so they can manipulate election outcomes to obtain power.”

**Bipartisan initiative**

Eskrich counters that Democracy Found is trying to disperse power, not obtain it. And even if proponents wanted power, it seems unlikely they’d be able to agree on how to use it.

The group’s founders and co-chairs are Austin Ramirez, the self-described “pretty conservative” CEO of HUSCO International of Waukesha who served as a White House Fellow on the Council of Economic Advisors, and Katherine Gehl, the former CEO of Gehl Foods of Germantown who was a member of the National Finance Committee for



Gehl



Ramirez

**Election reforms**

The Wisconsin-based group Democracy Found is pushing for these changes to federal elections:

**Four-forward:** *In the open primary, the top four finishers, regardless of party, advance to the general election.*

**Ranked-choice voting:** *In the general election, voters rank the four candidates in order of preference. If no candidate receives over 50% on the first tally, the fourth-place finisher is eliminated and voters whose first choice was that candidate have their ballot move over to their second choice. The process is repeated until one candidate ends up with over 50%.*

the 2008 Obama campaign and now supports the group No Labels.

Ramirez says there are times or places where one party or the other might benefit in the short term from the reforms, but Republican strongholds eventually flip, as do Democratic ones. The reforms are essential to a better-functioning democracy in the long term.

Equating what has happened in California to Wisconsin, supporters also suggest, is like comparing apples to avocados.

“California is a deep blue state, first of all,” says Ramirez. “They implemented top-two primaries, not top-four, and they do not have ranked-choice voting.”

He takes issue with arguments in the Heritage Foundation report that say ranked-choice voting destroys clarity of political debate and forces voters to cast ballots for candidates whom they don’t really support. No one would be forced to vote for more than one candidate, he says. Voters could still vote the way they do right now.

***There is evidence that voters would elect more moderate candidates if given the choice,*** according to Hall, the Stanford professor. He argues that the best

individuals in America don't run for elected office and that "most legislative polarization is already baked into the set of people who run for office." Ideological polarization "appears to be contrary to voters' wishes," he writes, "and it appears to impede the legislative process."

Better people, goes the argument, would result in better laws.

### People or process?

The more pessimist view is that it really doesn't matter whom the voters send to Washington because a few leaders and the parties control everything anyway.

Gallagher himself wrote a widely read article in *The Atlantic* last November stating that he thinks most representatives are "smart, patriotic and hardworking" and that "the problem is not the people" but "a defective process and a power structure" that "funnels all power to leadership and stifles debate and initiative within the ranks."

Leadership, he wrote, determines which bills come to the floor for a vote and choose loyal committee chairs to ensure that bills opposed by special interests are killed in committee.

***"In such a dysfunctional institution, even the most energetic and idealistic legislators are eventually ground down by the realization that in order to advance in Washington, D.C., you have to play the game.*** This means that you don't vote against leadership, you don't question the status quo, and you raise lots of money. If you do all this, maybe one day 10 years from now you, too, can be a subcommittee chair," Gallagher wrote.

One way to become a "team player," he added, is to raise money for either the National Republican Campaign Committee or the Democratic Congressional Campaign Committee — arms of the parties, headed by congressmen, tasked with winning elections.

Gallagher proposed letting committees choose their

own leaders, altering the congressional calendar and even abolishing the all-powerful Appropriations Committee and giving other committees more direct authority over the Executive Branch departments and agencies.

Almost a year later, he recently told the Badger Institute, despite all the blowback, he stands by the article. He also — despite his focus on the process — says he does think four-forward primaries and ranked-choice voting make sense and would help. We don't, he says, "want more career politicians running for office, downloading talking

points and just doing what leadership is telling them to do."

"Let's have the debate," he says.

President Trump is evidence to some that party orthodoxy can be challenged and changed.

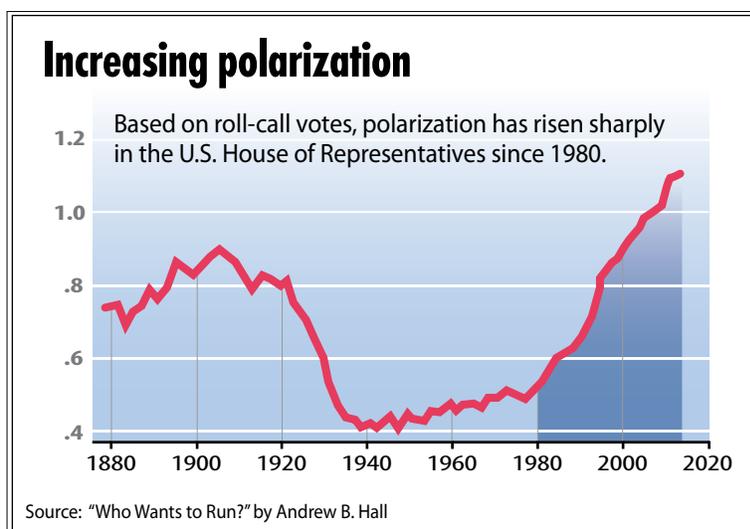
Gehl and co-author Michael E. Porter concede in their 2017 paper "Why Competition in the Politics Industry is Failing America" that running as an outsider within a party — what

Trump essentially did in 2016 — might "emerge as a strategy others may imitate." But in the end, they believe Trump "is likely to be more an anomaly due to his unique personal circumstances."

They acknowledge a "long list of culprits" for political dysfunction: special interests, gerrymandering, the role of big money in campaigns, polarization of the American public, the dearth of objective media coverage and social media. But, they say, the "underlying root cause" is the fact that the two parties have formed a duopoly that allows no real challengers.

Ramirez concurs, saying, "there are lots of things we can do in different areas to reform the process." But one of the main problems right now, he says, is that the incentives in the system are set up to reward people at the extremes.

"I am concerned," he says, "about the future of our democracy." ❏



Mike Nichols is president of the Badger Institute and editor of Diggings.

# Wealth tax doomed Emil Seidel

Milwaukee's first socialist mayor blamed his 1912 re-election loss on his call to tax the assets of the rich

By Mark Lisher

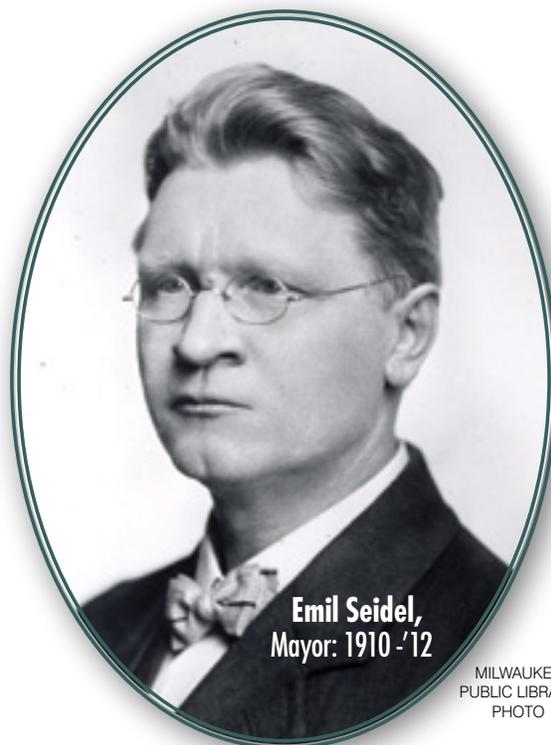
**L**eading Democratic presidential candidates pinning their hopes for the future on a socialistic wealth tax might want to re-examine a lesson from the past.

Even the country's most famous elected socialists of the 20th century, Milwaukeeans all, found that taxing wealth was a bridge too far for most American voters.

In fact, Emil Seidel, Milwaukee's first socialist mayor and the first socialist to lead a major American city, once wrote that he thought his support for a wealth tax directly caused his re-election defeat in 1912 — a perspective for which modern, left-leaning historians have little patience.

It was Seidel's call for a tax on the assets of the wealthy that he believed was the undoing of the socialists after just one two-year term.

"There was a tremendous growth in that kind of property which the socialists call capital and which is the property from which the fabulous fortunes are made today," he wrote in 1928, 16 years



after leaving office. "Yet, according to our tax laws and their construction, there is none or very little of this property on the assessment rolls. Therefore, most of the property escapes the property tax.

"A feeble attempt is made to reach this property by an income tax. But as the income tax yields only 10 percent of the total taxes collected, it is readily seen that this property escapes by far the greater part of its just share of taxes."

The mayor and his socialist allies approved spending \$18,000 (equivalent to over \$485,000 today) to study the best way to put this "intangible" property —

mortgages, stocks, bonds and other collateral — with a value to the city of \$10 million a year on the tax rolls.

“The result was that the socialists were defeated in the spring of 1912 and have never gotten complete control of the city government since,” Seidel wrote in the socialist newspaper *The Milwaukee Leader*.

The Democratic and Republican parties called a kind of truce to gang up on the socialist upstarts, wrote Sally Miller, whose “Victor Berger and the Promise of Constructive Socialism” is perhaps the best look at Milwaukee’s contribution to American socialism. Berger, the city’s socialist icon, served briefly as a Milwaukee alderman before becoming the first socialist sent to Congress.

In 1912, the two powerful parties

ran a single candidate, Gerhard Bading, in order to defeat Seidel and the socialists. Two years later, Seidel attempted a mayoral comeback but was soundly defeated.

### Social engineering goals

Historians often allude to Seidel and his allies as “sewer socialists,” suggesting they were merely pragmatists interested in good government. The truth regarding their philosophy and ambitions is much different.

To say that the reform goals of Seidel and his Common Council allies — seven of whom were swept into office with him in 1910 in a backlash against municipal corruption — were far-reaching is an understatement.

“During the first year of our term, we introduced a total of 318 measures, 71 with a wider bearing on social welfare and social trends,” Seidel wrote in his unpublished autobiography.

The socialists sought to reform or regulate nearly everything in their reach, but most of the measures did not pass. Among the failures was Seidel’s wealth tax idea.

The motive for such taxation — to redistribute income from the top down for the purposes of social engineering — has changed little from Seidel’s time. And the prospects for a sweeping wealth tax, with its constitutional and enforcement questions, are no better more than a century later.

### The origins of income taxation

Milwaukee’s socialists were hardly the first radicals to take aim at income inequality, but they were no doubt influenced by “Progress and Poverty,” Henry George’s 1879 broadside at the oil and railroad magnates who came to define the Gilded Age. George — who sold millions of copies of the book, becoming a sort of publishing plutocrat himself — first proposed a national land value tax, to be →

## From bread to ice

Among the 318 measures proposed by Milwaukee Mayor Emil Seidel and his Common Council allies during his 1910-'12 term:

- **Seven ordinances to cover every area of operation of the city’s streetcars**
- **Four ordinances to regulate and control the price of ice**
- **Securing a union label on all city printing**
- **Establishing a standard size and weight of loaves of bread baked and sold in the city**



## Carl Sandburg recounts his disenchantment

Poet Carl Sandburg — who served as Milwaukee Mayor Emil Seidel's personal secretary for a year — offered an interesting explanation for the downfall of the city's socialists.

"Here was the chance, I thought, to put the great ideals to work," said Sandburg, who left his job as City Hall reporter for *The Milwaukee Journal*, where he covered the 1910 election, to join Seidel.

"We were to build in Milwaukee the kind of planned city which existed in some places in Germany and in other European cities where socialism had taken hold," Sandburg told *The Journal* in 1953.

**"Then came the jarred awakening. Hordes of job-seeking Socialists descended on our office wanting the crumbs of victory.** They behaved just like the Republicans and the Democrats on that day when they swept into power. This was not idealism; it was the old spoils game."

He added, "I remember Seidel exclaiming to the delight of some opposition aldermen who heard him: 'For the love of Karl Marx, I didn't promise every man who voted the Socialist ticket a job in City Hall.'"

Disillusioned before the end of Seidel's two-year term, Sandburg returned to journalism before moving on to poetic fame in Chicago.

— Mark Lisheron



Carl Sandburg (right) was Seidel's personal secretary for a year.

MILWAUKEE JOURNAL SENTINEL PHOTO

levied on the unimproved value of land.

Though popular with the working class, such a tax was unconstitutional.

A four-year depression that began in 1893, fueled by a disastrous series of tariffs on imported goods, prompted the Revenue Act of 1894, the first federal tax on income, which did not survive a Supreme Court challenge. It took the 16th Amendment to the Constitution to ensconce a federal income tax in 1913.

By that time, the income tax had been in place in Wisconsin for two years, voters having overwhelmingly agreed in a 1908 state-wide referendum to allow a change in the state constitution to accommodate it.

Wisconsin Progressives led by U.S. Sen. Robert M. La Follette and socialists led by Berger and Seidel wanted much more from the nation's wealthiest people. It was nearly a decade under Democratic Mayor David Rose —

**Taxing income isn't enough for today's Democrats. Current tax proposals take aim at the wealth itself.**

whose slogan "All the Time Rosy" described the opportunities for the wealthy, grafters and political hacks — that ushered in Milwaukee's growing Socialist Party.

It took another depression to revive the movement to reduce inequality by taxing the wealthy. Prodded by populists and progressives, President Franklin D. Roosevelt shepherded through Congress the Revenue Act of 1935 with its 75% income tax rate on people making more than \$500,000 a year.

The income tax rate on the very rich climbed past 90% during World War II. It hovered around 70% for more than two decades and did not drop to 50% until 1982, before gradually settling at today's 39.9%.

### Current wealth tax plans

Taxing income, however, isn't enough for today's

progressives. Current tax proposals take aim at the wealth itself — not just the salaries of rich individuals and the income generated when assets are sold.

Bernie Sanders proposes a hefty “tax on extreme wealth” — with a top rate of 8% — to pay for his Medicare-for-All plan and other expensive social programs. The Vermont senator’s plan even outdoes that of his chief Democratic presidential rival, Sen. Elizabeth Warren of Massachusetts.

Warren proposes an annual 2% tax on the assets of people with \$50 million or more and a 3% tax on assets above \$1 billion. ***The very rich would pay the wealth tax regardless of whether they sell the assets or whether the assets grow or shrink in value.***

And Oregon Sen. Ron Wyden, the top Democrat on the Senate Finance Committee, proposes that the annual increase in the value of a wealthy person’s assets be taxed as income, even if those assets are not sold — in other words, unrealized gains. Not addressed are how to treat assets that lose value in a year and the inevitable constitutional challenge of such taxation.

### Flaws and failure of wealth taxes

In Europe, where progressives often look for their ideas about government, nine of the 12 countries that established wealth taxes have repealed them. Yet it is the work of three economists from France, which repealed

See **SEIDEL** on Page 40



MILWAUKEE PUBLIC LIBRARY PHOTO

Seidel (center, seated) served just one two-year term as Milwaukee mayor.

## Tax on wealth is counterproductive

The bulk of the wealth of the very rich is in business assets, which benefit the economy

By Chris Edwards

The Democratic hopefuls for president in 2020 are trying to outdo each other with their soak-the-rich tax proposals. Vermont Sen. Bernie Sanders and Massachusetts Sen. Elizabeth Warren propose an annual wealth tax on the richest households, while other candidates push higher taxes on incomes, estates, capital gains and corporations.

Many candidates are parroting Sanders, who says the wealthy are not “paying their fair share of taxes.” But looking at all federal taxes, the average tax rate is 33% for the top 1% of households, 15% for the middle 60% and 2% for the bottom 20%, according to Congressional Budget Office data. Federal taxes are already heavily loaded on high-earners.

Warren, Sanders and others are concerned that wealth is “concentrated.” But the wealth of the wealthy is mainly dispersed across the economy in productive business assets. ***Looking at the top 0.1% of the richest Americans, 73% of their wealth is equity in private or public companies, while just 5% is the value of their homes.***

Looking just at billionaires, only 2% of their wealth is in their homes and personal assets, such as vehicles, jewelry and artwork. The great majority of their wealth is in productive business assets, which generate output for the broader economy.

Nonetheless, many politicians and pundits believe that people with substantial wealth should be



Warren

See **TAX** on Page 40

**SEIDEL** from Page 39

its wealth tax in 2017, that continues to stoke the fire of income inequality for the current crop of U.S. Democratic hopefuls.

Thomas Piketty, author of the 2013 best seller “Capital in the Twenty-First Century,” and Emmanuel Saez and Gabriel Zucman, economics professors at the University of California-Berkeley, have helped provide the undergirding for the proposals of Warren, Sanders and others.

In addition to the questionable morality of imposing a punitive tax on one class of Americans, the ability of a wealth tax to fund the trillions needed for something like a Green New Deal or to eliminate even a small percentage



of our national debt is far-fetched, Phillip Magness says.

Magness, a senior research fellow at the American Institute for Economic Research, says estimates provided by the French economists of how much money a Warren-brand wealth tax could raise are wildly optimistic.

He and other researchers also have pointed out how difficult it would be for the government to accurately classify and tax the diverse assets of the richest Americans.

Seidel, his wife, Lucy, and their daughter, Viola, are shown in this circa 1910-1915 photo.

**TAX** from Page 39

targets of heavy taxation. They think that raising taxes on people owning capital would lighten the burden on labor and that taxing wealth would benefit the non-wealthy.

In fact, imposing heavy taxes on wealth would reduce living standards for everyone because it would reduce the overall size of the economy. Under certain assumptions, a basic finding from economic theory is that everybody should want taxes on capital to be low or even zero — including wage-earners who have no capital income.

### Lessons from Europe

The Democratic tax hike proposals run counter to international trends.

Since 1981, the average corporate tax rate across major industrial countries has fallen from 47% to 24%, while the average top personal income tax rate has fallen from 66% to 43%. Many countries have cut their capital gains tax, and some have abolished estate and inheritance taxes.

The Democrats' wealth tax also counters foreign trends — *Europe tried wealth taxes and failed.*

The number of European countries with wealth taxes fell from 12 in 1990 to just three today. Countries found that the taxes encouraged avoidance, evasion and capital flight. In most countries, wealth taxes raised little rev-

enue and became riddled with exemptions.

The story of Sweden is instructive. It repealed its wealth tax in 2007 as it became clear that the tax was driving entrepreneurs — such as the founder of IKEA, Ingvar Kamprad — out of the country along with their investment capital. The tax also generated domestic avoidance.

Swedish economists Magnus Henrekson and Gunnar Du Rietz found that wealth tax revenues were declining as “people could with impunity evade the tax by taking appropriate measures.” Sweden also abolished its inheritance tax in 2004 because it, too, was driving out wealth.

While some policy-makers portray taxes on the rich as a freebie, international evidence has shown that high tax rates on high-earners and capital make the tax base shrink from domestic avoidance and cross-border mobility. Individuals at the top end have more flexibility in their business and financial affairs than others, so they are more responsive to taxes.

### Where's the wealth?

**73%**

of the wealth of the richest Americans is equity in private or public companies.

**5%**

of their wealth is in the value of homes.

And then there is the question of Article 1, Section 9 of the U.S. Constitution, barring a direct federal tax on people or their property unless a system can be devised to apportion the taxes by population, state by state. ***If the income tax required a constitutional amendment, Magness asks, why wouldn't one be needed to impose a wealth tax?***

Alan Viard, a resident scholar studying federal tax and budget policy at the American Enterprise Institute, shares many of Magness' doubts about wealth taxes. However, polling consistently shows that at least in general, Americans support taxing someone else, especially the rich. In that sense, things haven't changed a lot since

**In Europe, where progressives often look for their ideas about government, nine of the 12 countries that established wealth taxes have repealed them.**

the days of Emil Seidel, who died of heart failure in 1947.

"If Sen. Warren and Sen. Sanders continue to be front-runners for the Democratic nomination, you can expect the wealth tax to be discussed," Viard says. "(Joe) Biden has not proposed a wealth tax, and if he's nominated, maybe the talk will go away. But with the Democratic Party's shift to the left, the issue of income inequality and how to deal with it isn't going to go away." ❏

*Mark Lisher is a freelance writer in Austin, Texas. He spent 30 years as a newspaper reporter, including 14 years at The Milwaukee Journal and the Milwaukee Journal Sentinel.*

These same competitive pressures affect the states. Of the 25 highest-tax U.S. states, 24 of them had net out-migration in 2016, according to Internal Revenue Service data. Of the 25 lowest-tax states, 17 had net in-migration.

The largest out-migration is from high-tax New York, while the largest in-migration is to Florida, which has no income tax or estate tax.

### **What Wisconsin can do**

Wisconsin has suffered from consistent out-migration in recent years. In 2016, 100 people moved out for every 90 who moved in, IRS data show. If you look at those people earning more than \$200,000, the ratio is 100 moving out to just 83 moving in.

Some of the movement stems from factors that Wisconsin cannot control — such as the sun and warmth in the Southern states. But policy-makers need to try harder on the factors that they do control, such as tax rates and government efficiency.

The competitive climate won't get any easier, and states should not expect help from Washington. With federal deficits of \$1 trillion a year and rising, federal aid to the states likely will get squeezed as interest costs and entitlement spending rise. ***The path forward for Wisconsin is to make its government as lean as possible to attract the investment, entrepreneurs and skilled labor that it needs to grow.***

Policy-makers in Wisconsin should reject the Warren and Sanders mind-set that wealth is the enemy. Wealth is simply accumulated savings that economies need for investment.

The fortunes of the richest Americans consist mainly of active business assets that generate jobs and income.



**Sanders**

Increasing taxes on wealth would undermine investment and thus productivity and wage growth. Capital and labor are complements in production and growth, not the opponents that many Democratic politicians seem to believe.

American voters will be making important choices as runaway federal spending threatens to move the government in a higher-tax direction. The states also will be making choices. They can adopt the high-tax, slow-growth model of New York or the low-tax, high-growth model of Florida.

Wisconsin sits in the middle on taxes, but there is no reason the Badger State couldn't adopt the Sunshine State's winning approach to taxation. ❏

*Chris Edwards is director of tax policy studies at the Cato Institute and editor of [www.DownsizingGovernment.org](http://www.DownsizingGovernment.org).*

# Who's gonna pay?

The Democratic Party's track record and event's unknown price tag suggest taxpayers may be on the hook for convention in Milwaukee

By Dan Benson

**T**he Democratic National Convention to be held in Milwaukee next July will pump \$200 million into the city and state economies — or so city leaders and organizers have been touting. But there's plenty of reason to think that Mayor Tom Barrett and organizers have overpromised and will underdeliver.

Up to 50,000 party delegates, media, donors, activists, volunteers and others will be filling hotel rooms within a 150-mile radius of the city's downtown to eat, drink and nominate their way to choosing a candidate they hope can defeat President Donald Trump in November 2020.

The hope: With more than 2,000 events planned so far during the July 13-16 convention, centered mostly in the Fiserv Forum area, there will be lots of opportunities for restaurants, caterers, bars and others to cash in. Visitors will come early, stay late and take home a lasting impression of a friendly, vibrant Wisconsin.

The reality: The Democrats' record of unpaid bills, the



The July convention will be centered mostly in the Fiserv Forum area.

experience of previous host cities and the unquantified costs suggest that state or city taxpayers might well be left footing some of the bill for the four-day extravaganza.

Barrett is already floating the idea of asking for help from taxpayers statewide — a suggestion that rankles some

Wisconsin legislators.

### Millions in funds and fundraising

Hosting such a massive event is an expensive undertaking.

For starters, \$50 million to \$55 million in a federal grant will be allocated by Congress to help pay for security, with the U.S. Secret Service taking the lead. The Democrats' 2016 convention in Philadelphia cost \$46 million in federal funds for security.

If that federal money isn't enough, "the city agreement requires the host committee to reimburse the city for such costs," according to a Milwaukee resolution agreeing to a contract with the Democratic National Committee (DNC). The city has reached out to Wisconsin's two U.S. senators



JEFFREY PHELPS PHOTO

to ask Congress for more money for security, Barrett said in September.

The Milwaukee 2020 Host Committee has set a goal to raise \$70 million in private funding, eclipsing the \$67.4 million raised by Philadelphia’s host committee four years ago. ***That would make Milwaukee’s the most expensive Democratic National Convention ever in terms of private fundraising.***

Milwaukee’s committee also was required to provide \$5 million up front.

And if that’s not enough, in order to win the bid over Miami and Houston, the DNC required the City of Milwaukee to secure a roughly \$20 million line of credit from private sources in case the host committee cannot pay the bills once they come in.

And if *that’s* not enough?

Well, despite Barrett vowing that taxpayers “will not pay one dime” and insisting there will be no impact on property taxpayers, the mayor recently mentioned seeking assistance from the state.

**‘Ways for the state to help?’**

“We want obviously to see if there’s ways for the state to help,” he said Sept. 18 at a WisPolitics event in Washington, D.C.

Wisconsin legislators balked at the notion.

“Expenses relating to political functions, both for Democrats and Republicans, are the responsibility of the party and their sponsors, not taxpayers. I would fight tooth and nail against any proposal that would appropriate taxpayer money for these purposes,” says state Sen. Dale Kooyenga (R-Brookfield).

Senate Majority Leader Scott Fitzgerald (R-Juneau) says Barrett’s potential request is a non-starter. “I do not support any plans to divert state tax dollars toward the convention,” he says flatly.

“Countless events attract visitors to Wisconsin each year without the state providing earmarked state funding, and I think the DNC should be the same,” adds state Sen. Ducey Stroebel (R-Cedarburg).

While Gov. Tony Evers hasn’t offered state help yet, he said in July that it was an “open question” whether the state would provide money.

Back in March when Milwaukee won the bid, the governor said that no state taxpayer money would be used to fund the convention.

After the Democrats’ last convention, Pennsylvania taxpayers ended up forking out \$10 million via a state economic development grant to cover the \$127 million cost of the event in Philadelphia.

**Total price tag unknown**

While the \$200 million economic-impact figure has been tossed around regularly, there apparently is no firm estimate on how much the Milwaukee convention will cost in the end.

Organizers hope the roughly \$50 million federal stipend for security, the estimated \$70 million in private funding and the \$20 million line of credit will cover all expenses associated with the convention. But what the cost will be to local governments and the state and whether they will be reimbursed are uncertain.

Milwaukee Ald. Bob Donovan says cost estimates don’t exist yet. It will be at least later in October before meetings are held with the police and other city departments “when many of these issues may come to light,” he says.

***“I have serious concerns as to precisely what the costs will be,”*** Donovan

says, “but, in particular, what the impact will be on our neighborhoods regarding city services” such as police response outside of downtown.

The convention’s impact on the Department of Public Works budget and how much overtime might be required →

**All of the recent Democratic National Conventions – 2000 in Los Angeles, 2004 in Boston, 2008 in Denver, 2012 in Charlotte and 2016 in Philadelphia – have ended in deficits, records show.**

have not been estimated yet, says department spokesman Brian DeNeve.

### **Economic benefits oversold?**

Adding to the murkiness is the question of whether the economic benefits of the convention will fully materialize. As details slowly emerge, it appears the \$200 million impact may be inflated.

In fact, Illinois might be one of the biggest beneficiaries of what's supposed to be a showcase for Wisconsin.

**Nearly half of all hotel rooms booked by state delegations are in our neighbor to the south** — with 26 of the 57 delegations and 2,841 hotel rooms in Illinois, compared with 2,926 in Wisconsin, according to the *Milwaukee Journal Sentinel*.

The proximity of hotels in northern Illinois was a selling point for Milwaukee, promoters now say, having failed to divulge that fact when they pitched the convention to Wisconsinites.

Illinois' Democratic Gov. J.B. Pritzker practically did a victory dance over his state's windfall. "It's great for Illinois businesses," his spokeswoman told the *Chicago Sun Times*.

Meanwhile, Barrett is downplaying concerns about the mass of delegates who will be lodging 80 miles from Milwaukee in Rosemont, Illinois. "To quote Aaron Rodgers ... relax, relax," the mayor quipped at the WisPolitics event.

Organizers didn't see fit to book available rooms for delegates in nearby Madison, Racine, Kenosha or Sheboygan, saying those cities didn't have hotels big enough to handle large delegations.

"When you're trying to showcase the state of Wisconsin to delegates from around the country, why wouldn't you have them stay in Wisconsin? Their decision is simply disappointing," says Assembly Speaker Robin Vos (R-Rochester), who represents Racine County.

The initial shock of the news that the state would lose thousands of rooms to Illinois subsided as it became clear that hotels in outlying Wisconsin counties would still likely fill with other conventiongoers, but the damage was done to the Democrats' storyline.

"It definitely looks bad for the Democrats that almost



half their hotel rooms will be in Illinois," Fitzgerald says, but adds that he remains hopeful that the convention will be an economic boon for Wisconsin.

State Rep. Joe Sanfelippo (R-New Berlin) had a harsher reaction. "Mayor Barrett should ask Illinois for money (rather than Wisconsin) since they will be benefiting from thousands of delegates who will be staying in their hotels, eating in their restaurants and drinking in their bars without any expense to Illinois taxpayers," he says.

Attempting to patch the public relations hole, organizers say that California, Florida, Texas and other delegates staying in Illinois will still spend money in the Milwaukee area.

But the fact remains that Wisconsin will miss out on millions of dollars spent on hotels, meals, transportation and other services purchased outside of the Badger State.

### **Projections have fallen short**

At the last Democratic convention, the economic impact for the host city was significantly less than projected.

When the 2016 convention was pitched to Philadelphians, organizers predicted it would have a \$350 million economic impact on the region. After they secured the

convention, they dropped the estimate to \$270 million. The final tally was even lower — \$230.9 million, the Philadelphia Convention and Visitors Bureau reported.

In 2012, organizers of the Democratic convention in Charlotte, North Carolina, predicted an economic impact of up to \$200 million. The actual benefit was \$163 million, according to a city-funded study after the event.

Even that scaled-back figure draws skepticism. "**The idea that the surfeit of visitors from a convention will induce millions of dollars of additional spending to benefit the economy doesn't pass the smell test,**" says Ike Brannon, president of Capital Policy Analytics and a Badger Institute visiting fellow.

"It's a dubious metric that no one takes all that seriously



JANET FEE PHOTO

**Democratic National Committee Chair Tom Perez and Milwaukee Mayor Tom Barrett appear at a WisPolitics event in Washington, D.C., on Sept. 18.**



— including the company that did the Charlotte study when it was asked to reckon with the lost induced spending from people crowded out of Charlotte by the convention,” he adds.

To be fair, Republicans aren’t immune to the negative fiscal impacts from party conventions. Tampa, Florida, incurred almost \$1 million in lost revenue and unreimbursed expenses from the 2012 Republican National Convention, records show.

### Missed economic activity

Much of the economic activity that will be generated from Milwaukee’s convention may not even benefit Wisconsinites.

A lot of the dollars spent by delegates and other visitors will go in the pockets of large national corporations, such as hotels and restaurant chains, reducing the long-term benefits to the local economy, past conventions show.

In Philadelphia, a much larger city than Milwaukee with a lot more resources, many of the big bucks went to firms outside Pennsylvania, including almost \$11 million for convention stage production and almost \$15 million to build the stage, according to Federal Elections Commission documents.

One could expect a similar scenario in Milwaukee, despite Barrett’s assurance that vendors and suppliers will “come from the community.”

**Many businesses in Milwaukee will be excluded from the economic activity because organizers are being selective about who benefits from the convention,** making it clear that those who don’t toe the Democrats’ ideological line are not welcome at the DNC table.

The host committee will pre-qualify vendors and suppliers, with “community engagement, environmental efforts including carbon neutrality and recycling” among its crite-

**“Expenses relating to political functions, both for Democrats and Republicans, are the responsibility of the party and their sponsors, not taxpayers.”**

— State Sen. Dale Kooyenga of Brookfield

ria along with \$15 minimum wage and paid sick leave, Liz Gilbert, president of the Milwaukee 2020 Host Committee, told the *Milwaukee Business Journal*.

The committee’s online portal for venues seeking to host events during the convention asks registrants to identify whether they are owned by women, minorities, veterans, disabled persons or LGBTQ persons, suggesting that those applicants could be given preference.

### The party’s unpaid bills

While the Democratic Party is prepared to pick business winners and losers in Milwaukee, its track record of running its own business is marked by a checkered payment history and high debt.

**Expenses that were left unpaid from the Charlotte convention totaled \$6 million,** according to the *Charlotte Business Journal*.

The \$6 million eventually was paid from a \$10 million

line of credit from Duke Energy. When the Democrats couldn’t pay back that loan, Duke Energy forgave the debt, leaving its shareholders to cover the expense.

All of the recent Democratic conventions — 2000 in Los Angeles, 2004 in Boston and 2008 in Denver — have ended in deficits, according to a 2017 report from

the Pennsylvania auditor general following Philadelphia’s convention.

All of this adds up to make one question whether hosting the convention will benefit Milwaukee as much as Barrett and organizers have promised.

Last year, San Antonio, Texas, chose not to bid for the 2020 Republican National Convention, saying the potential costs outweighed the potential benefits.

Cost estimates, critics noted, did not include “ancillary” expenses such as capital improvements, police overtime, waste management and emergency operations — costs Milwaukee is likely to incur as well.

If the convention next July leaves behind a trail of bills and broken promises, as has happened in other host cities, Wisconsinites may sour on Democrats more than they did in 2016. ❏

*Dan Benson is a longtime Wisconsin journalist. Janet Fee, a University of Chicago student from Wauwatosa, contributed to this story.*

**For Margaret Farrow,**  
**longtime legislator and Wisconsin's**  
**first female lieutenant governor,**  
**the public always comes first**

# An unwavering trailblazer

It was April 1972, and women across the country were heatedly debating issues such as whether to join the workforce or stay at home to raise their children.

In Elm Grove, Wisconsin, Margaret Farrow — the mother of five young sons — was running for Village Board.

DARREN HAUCK PHOTO

---

## ON THE FRONTLINES

by Marilyn Krause

---

The former schoolteacher and Realtor had lost by just “a few votes” in her first attempt the year before. This time, she was determined yet philosophical, noting that even Abraham Lincoln had overcome early defeat.

But she lost again — now by nearly 140 votes. It had to be the nuns, Farrow thought. While the vote margin was tight in most wards, she did poorly in the ward where the School Sisters of Notre Dame convent is located.

Barely two months earlier, Farrow had given birth to her youngest son, Mark, and the convent had been one of her campaign stops.

“Nobody runs for office in Elm Grove without going to the convent and letting the nuns know who you are,” she says. “It’s too many votes to overlook.”

Although Farrow never asked, *she’s convinced the nuns did not vote for her because they thought she should stay home with her children.*

“I have to assume that was the reason,” she says, adding that the nuns failed to see that her husband, John, was a full partner in caring for their sons and supported her pursuit of public office.

### Public service begins

Shortly after that defeat, Farrow was surprised to be asked to join Elm Grove’s Board of Appeals, which handles zoning requests. Trustees had noticed her attending board meetings for years but assumed she was there for a single, personal interest.

“That’s what (they thought) housewives did — came out of their kitchens for one issue,” she says.

Farrow served a three-year term and in 1975 joined the Plan Commission. Late that year, she was appointed to a vacant Village Board seat, knowing she’d have to run for election the next April.

This time, she won — making her the first woman elected to the Elm Grove Village Board, joining what she describes as a “good old boys’ club,” and launching her quarter-century political career.

Farrow became village president five years later and then

was elected to multiple terms in the Wisconsin Assembly and Senate. In 2001, she was appointed Wisconsin’s first female lieutenant governor.

“I never did what I did to be the first woman in something,” Farrow says, adding that her motive was “to make a difference.”

### Early years in Wisconsin

Margaret A. Farrow, 84, was born and raised in Kenosha, where her family had moved from Chicago. Her grandparents were immigrants — maternal from Ireland and paternal from Germany.

Her parents instilled a strong work ethic in her and her older brother. Her mother learned stenography after finishing grade school and became a corporate executive assistant; her father also left school after the eighth grade and retired as a finance executive at Snap-On Tools.

After graduating from St. Catherine High School in Racine in 1952, Farrow majored in history at Rosary College in River Forest, Illinois. That interest in history was pivotal. *“I am the product of a sixth-grade civics class that turned the lights on about government,”* she says.

When she transferred a year later to Marquette University in Milwaukee, she was drawn to a newly offered major in political science — even though she didn’t know what that was at first. She ultimately earned a degree in political science

and education.

“I would have liked to have gone to law school, but I like to say instead of going to law school, I went to the Legislature and wrote law,” she says.

### Marriage and family

Farrow met her husband while they attended Marquette. John, an engineer, was in the Navy, and the couple moved several times before settling in Elm Grove in 1967.

John eventually joined Marquette’s engineering faculty and later Milwaukee School of Engineering, where he is a professor emeritus. The couple now lives in the City of Pewaukee. →



While lieutenant governor, Farrow continued her lifelong passion for musky fishing.



Farrow is surrounded by family at her swearing-in ceremony for lieutenant governor in 2001.

They have five sons — whom she calls her best achievement — including a set of twins, all of whom live in Wisconsin.

John, the eldest, is an executive at GE Healthcare; Bill is an associate professor of mechanical engineering at MSOE; Peter, the older twin (by two minutes) is CEO of Group Health Cooperative of Eau Claire; Paul (the younger twin) is Waukesha County executive and a former state legislator; and Mark is a technology consultant at Chortek LLP, a business services advisor.

In her free time as well as career, Farrow’s family — now expanded by spouses and 14 grandchildren — has always been paramount.

She passed on to her children her lifelong love of musky fishing, and the family raced sailboats on Lake Michigan for 25 years. Nowadays, she’s busy making quilts for the grandchildren. “I fear I am falling behind,” she says with a chuckle.

While son Peter ran all of her campaigns, ***Paul is the only family member thus far to follow her into politics, though one grandson might be toying with the idea.***

Paul, who served in the Assembly and Senate for five years until his 2015 election as county executive, is rumored to be considering a run for governor or the U.S. Senate in 2022 but remains noncommittal.

## Community involvement

Margaret Farrow’s public and community work includes:

- League of Women Voters
- Wisconsin Women’s Council
- University of Wisconsin Board of Regents
- Milwaukee Public Museum
- Milwaukee Symphony Orchestra
- Sojourner Truth House
- Junior Achievement
- Elmbrook Memorial Hospital
- Aerospace States Association
- Glass Ceiling Commission
- Co-founder of Waukesha County Action Network (WCAN)
- Chair of the Archdiocesan Priest Review Board
- Chair of the WisconsinEye Board

He and his mother talked every night while he was in the Legislature, he recalls. “Paul and I have enjoyed sharing thoughts about what he has experienced,” she says. “In a way, I wish I’d had that.”

## ‘Sewer Wars’ set the stage

Farrow might well have wished for a confidant in one of her earliest challenges as an elected official, the so-called Sewer Wars that raged for a decade starting in the mid-1980s.

As village president, Farrow teamed with William Mielke, then Elm Grove’s consulting engineer, to lead a coalition of eight suburbs in their dispute with the Milwaukee Metropolitan Sewerage District over how to pay for construction of the Deep Tunnel system and waste treatment.

Farrow was “tremendous at working across the aisle, which you don’t see much of now,” says Mielke, now CEO and chairman of Ruekert & Mielke Inc.

The Sewer Wars ended in 1996 with a \$140 million settlement that likely pleased few, but one outcome was that then-Assembly

Minority Leader Tommy G. Thompson took notice.

“She became a star in the state Assembly. We became close friends and still are. ... I knew I could depend on her,” the former governor says.

“When it comes to government ... you can (just) be there



Former Gov. Tommy Thompson remains a close friend.



Son Paul (center) is sworn in at the state Senate in 2013.

or be a leader. There's not a finer public servant," he adds.

In 2001, when Gov. Thompson resigned to head the U.S. Department of Health and Human Services, Scott McCallum, his successor, appointed Farrow as lieutenant governor. That historic "first" role proved to be her last in public office.

McCallum and Farrow narrowly lost their bid for election in 2002 to Democrats Jim Doyle and Barbara Lawton.

While lieutenant governor, Farrow led two statewide commissions to advance reforms on reducing the cost of government as well as efforts to reform welfare and tax policy.

"It's the people I represent who are important. I always was conservative. I always knew I was spending other people's money," she says.

That commitment to the public began back in Elm Grove. "She never put political party above public policy. You don't see that much these days," says Ed Henschel, village administrator during Farrow's tenure.

Farrow laments the coarsening of politics. **"Good public policy has taken a back seat to partisan politics.** Constituents have to tell their representatives to change. ... And we have to respect each other," she says.

### Son follows mom's lead

Paul Farrow says both parents taught him the values of respect and fairness.

When he was considering his first run for the Assembly, he says, "I had a long conversation with my mom. The one thing she said was, 'I will never tell you what to do, but I will give you advice if you want it.'"

At his swearing-in, his mother was able to stand with him because she still had floor privileges. "There was a moment ... it was just mom and I. I'm thinking how the heck am I going to do this?"

She looked at him intently. "We all start somewhere. Just be yourself," she told him.

Although Paul won't discuss future potential runs — and he teases his mother about having reached the Legislature faster than she did — he says he has always tried to follow her lead in career and in life.

"She's a mom first — she's always a mom ... She never got caught up in the trappings. ... She was the true ambassador of Wisconsin."

"I am proud of her." ❖

*Marilyn Krause, principal of Krause Communications, is a former reporter and editor for the Milwaukee Journal Sentinel.*

**"I never did what I did to be the first woman in something."**



DARREN HAUCK PHOTO

The district is keeping parents in the dark when it comes to gender-transitioning children.



## Madison school district assumes it — not the parent — knows what’s best for gender-transitioning kids

By Richard Esenberg

T.H. White’s 1958 novel, “The Once and Future King,” tells the story of a mythical ant colony governed by a single aphorism: “Everything which is not forbidden is compulsory.” He might have been speaking of the 21st-century social-justice left.

A movement that initially called for greater tolerance for diverse identities and lifestyles increasingly has insisted on conformity to a narrow orthodoxy. A recent example can be found — where else? — in Madison, Wisconsin.

In April 2018, the Madison Metropolitan School District adopted a 35-page policy addressing the treatment of transgender students. It provides that any student of any

age may change gender identity at school by selecting a new “affirmed name and pronouns” to be used at school “regardless of parent/guardian permission” and without medical or psychiatric confirmation of the student’s gender dysphoria.

Not only must all teachers and district staff refer to students by their “affirmed” name, district staff is forbidden from revealing “a student’s gender identity to ... parents or guardians ... unless the student has authorized such disclosure.” ***Not only must parents not be informed, they apparently must be deceived:*** The policy directs teachers to use “the student’s affirmed name and pronouns in the school setting” and to switch back to the student’s “legal name and pronouns with family.”

It is not my purpose here to litigate the notion of “gender identity” as something divorced from biological gender. My concern is the absolutism with which the district has approached the matter.

Exhibiting the intransigent close-mindedness that increasingly characterizes the cultural left, it assumes that affirmation is the only proper response to any claim of any child to “be” something other than his or her biological gender. Nothing else — not the child’s age or the possibility that this claim may be arise from unrelated emotional issues — matters. The involvement of a child’s parents is not only unnecessary but presumptively harmful.

***This is, to put it bluntly, a form of fundamentalism.*** What the district calls a “student-centered” approach is more about ideology than any thoughtful consideration of the particular children charged to its care. It is a matter of doctrine.

### ‘Divergent views’

Here are some facts. The vast majority of children who experience gender dysphoria (some estimates are as high as 80% to 90%) ultimately resolve it in favor of their biological sex. This has led many medical and psychological professionals to support treatment designed to first help gender-dysphoric children learn to embrace their biological sex. They argue that automatically “affirming” an alternate gender identity too early can become self-reinforcing.

Put differently, the choice of treatment can determine the outcome. If you believe that transitioning to another gender can be a difficult path accompanied by bad outcomes, “false positives” are worth worrying about.

Other health professionals believe, as with the Madison schools, that the appropriate response is to “affirm” a child’s perceived gender identity. But even in this “affirming” camp, there is no consensus on whether young children should transition socially to a different gender.

The World Professional Association for Transgender Health (WPATH), a transgender advocacy organization, acknowledges that “social transitions in early childhood” are a controversial issue about which health professionals

have “divergent views” and that existing evidence at this point “is insufficient to predict the long-term outcomes of completing a gender role transition during early childhood.”

Consequently, WPATH advises health professionals to “counsel and support” parents even if the parents ultimately decide “not (to) allow their young child to make a gender-role transition.”

In light of this, you’d think the Madison district would want to involve a child’s parents. We normally — and rightly — presume that parents have their child’s best interest at heart. We understand that they know their child better than anyone else. We recognize that parents ought to be the principal decision-makers with respect to a child’s health care, education and socialization.

We generally acknowledge the primacy of the family and permit the state to intervene in parental decision-making only when there is a particular reason to suspect that harm will occur in the absence of such intervention.

But not in Madison. And not when an 8-year-old boy claims to be a girl.

***The Madison school district has turned our normal presumptions inside out.***

Even as it seeks to displace traditional religious perspectives — perhaps because it seeks to displace them — the social-justice left has taken on a Messianic character. Madison’s transgender policy assumes that district bureaucrats are in possession of a revealed wisdom that is not shared by the families it purportedly serves.

The parents of children who seek to transition are presumed to be in error, and the district, echoing the 19th-century Pope Pius IX, has declared that error has no rights. What was once to be tolerated has become the new orthodoxy. Everyone in the colony must conform. ❏

What the district calls a “student-centered” approach is more about ideology than any thoughtful consideration of the particular children charged to its care.



*Richard Esenberg is president of the Wisconsin Institute for Law & Liberty, which is asking the Madison district to repeal the policy before WILL considers a legal challenge.*

Badger Institute  
700 W. Virginia St., Suite 301, Milwaukee, WI 53204  
CHANGE SERVICE REQUESTED

NON-PROFIT ORG.  
U.S. POSTAGE  
**PAID**  
MILWAUKEE, WI  
Permit No. 3158

People  
pay attention  
to the



*"The Badger Institute has helped shape and inform public policy in Wisconsin by providing reliable, principled research and in-depth reporting on a wide range of issues. They are an invaluable resource to legislators seeking innovative and impactful policy ideas."*

— State Sen. Alberta Darling

*"Whenever I travel around the country and visit with my fellow legislative leaders, they now look at Wisconsin as a beacon of conservative thought, and that's due in large part to the efforts of the Badger Institute ... They bring the resources, the research, the knowledge and the firepower to help people like me advocate for the ideas that we know are necessary to keep Wisconsin going in the right direction."*

— Assembly Speaker Robin Vos

*"One of the things that the Badger Institute does so well is it researches and it reports. It puts together the information that legislators need, that governors need, to be able to make key decisions."*

— David French, *National Review*

■ The Badger Institute offers you thoughtful conservative commentary... well-researched reports and analysis...this biannual magazine, *Diggings*... poll results...multimedia content...and information about events that we host.

*Click* [badgerinstitute.org](http://badgerinstitute.org)

Follow us on Facebook, LinkedIn and Twitter: @badgerinstitute