



# WI

MARCH 2009

WISCONSIN INTEREST

## Miracle at St. Marcus

BY SUNNY SCHUBERT

## MPS parties with tax dollars

AN INVESTIGATIVE REPORT BY MIKE NICHOLS

## What's the Matter With Wisconsin?

BY CHARLES J. SYKES

## Milwaukee, Illinois

BY JOHN FUND

## A Paperless Future

BY MARC EISEN

The Wisconsin Policy Research Institute, Inc., established in 1987, is a nonpartisan, not-for-profit institute working to engage and energize Wisconsinites and others in discussions and timely action on key public policy issues critical to the state's future, its growth and prosperity. The institute's research and public education activities are directed to identify and promote public policies in Wisconsin that are fair, accountable and cost effective.

Through original research and analysis and through public opinion polling, the institute's work will focus on such issue arenas as state and local government tax policy and spending and related program accountability, consequences and effectiveness. It will also focus on health care policy and service delivery; education; transportation and economic development; welfare and social services; and other issues currently or likely to significantly impact the quality of life and future of the state.

The institute is guided by a belief that competitive free markets, limited government, private initiative, and personal responsibility are essential to our democratic way of life.

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cash out on parent  
involvement.



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## *Welcome to our new digs*

*Wisconsin Interest* first appeared 17 years ago, back in 1992, as the flagship publication of the Wisconsin Policy Research Institute.

That first issue featured articles by former Education Secretary Bill Bennett, author Dinesh D'Souza, Professor John Dilulio, Milwaukee's then-mayor John Norquist and, as it turned out, me. Over the years we covered politics, education, welfare reform, crime, government spending, the media, gambling, health care, the judiciary and the economy.

But, as you may have noticed, the time has come for a change.

Welcome to the new generation of *Wisconsin Interest*, which features a new look and attitude. We hope you find it as informative as the old one, but also provocative and timely.

This new magazine (and it is a magazine, rather than a journal) will include as regular features "Dispatches" by journalists, bloggers and activists from around the state; an in-depth "Front Line" report on important change makers (including our cover story by Sunny Schubert on an extraordinary choice school in Milwaukee); and opinion columns from WPRI's own Christian Schneider and national writers, such as the Wall Street Journal's John Fund.

This issue also features what we hope to be the first of many hard-hitting investigative reports into government bloat and boondoggles. Mike Nichols, a longtime columnist for the Milwaukee Journal Sentinel, reveals how the Milwaukee Public Schools wastes tax dollars that are supposed to help parents improve their children's academic achievement.

Marc Eisen looks at the rolling collapse of daily newspapers in America and asks whether they are on the brink of a paperless future. Marc and I are both recovering reporters who have watched with disbelief as seemingly impregnable institutions have seen their business models swept away in the vortex of changing information technology. A few years ago, journalists debated whether there would be any daily "dead tree" newspapers around in 2015. Now the question seems to be: Will they make it through 2009?

And just as the governor and the Wisconsin Legislature seem poised to raise taxes by \$2.1 billion (for starters), I have reached back to 1896 for inspiration. William Allen White's "What's the Matter With Kansas?" is a classic American polemic, and I've borrowed freely from his critique of soak-the-rich populism to ask the same question about Wisconsin's new penchant for "sharing the wealth."

A final word: Over the last 18 years, it has been a singular honor to serve as editor of *Wisconsin Interest*, but I am especially delighted to take this magazine into its newest incarnation. Please let us know what you think.

## Attitudinal Change

Police Chief Edward Flynn's article was a welcome and timely reminder of what's right in Milwaukee ("The Milwaukee Plan: Reducing Crime to Improve Neighborhoods," October 2008). Statistics about lower crime are nice but only tell one part of this exciting story. The real heart of the change Chief Flynn has brought is attitudinal — and that is the reason Milwaukee can have legitimate hope for a brighter future.

First, Chief Flynn is correctly beginning from the premise that crime causes poverty, and not vice versa. For too long our leaders, social planners and even law enforcement had this exactly backward, with predictable negative results.

If Milwaukee can gain a reputation as a safe, orderly and law-abiding city, business investment and jobs will follow. If Milwaukee is perceived as dangerous, investment and jobs will stay away, and no amount of government good intentions, subsidy or charity will change that.

Second, the chief correctly focuses on the grassroots law enforcement presence necessary to restore our marginal neighborhoods. Getting the "bad guys" off the streets is one critical part of restoring neighborhoods. Equally important, however, is creating an atmosphere where the "good guys" feel safe enough to come out from cover and take their streets back.

Chief Flynn's commitment to putting "boots on the ground" in neighborhoods on the edge provides that safe space for neighborhoods to reestablish themselves and determine their own safe and productive futures.

**Wayne L. Staats**, *Chief executive officer  
eSupport Solutions and eMapping Solutions  
Milwaukee*

## Reasonable Approach

U.S. Rep. Paul Ryan identified the pressing problems that our policymakers in Washington, D.C., have simply failed to address for years ("Carrying Wisconsin's Torch of Reform," October 2008). The time for action is now, and I commend Ryan for touching on issues that are difficult to solve politi-

cally, and that would require statesmanship to achieve.

Our entitlement culture doesn't make fiscal sense. It doesn't even make common sense. We continue to pay out benefits in our Social Security and Medicare programs that dramatically exceed the revenues that we are collecting to finance the system. It doesn't take a genius to figure out we are on a collision course and need change.

The sooner we step up to it, the sooner we relieve our children and grandchildren of the irresponsible legacy we have created.

On health care, I am baffled as to why supporters of national health care desire to dismantle the world's best health care system for political expediency. Yes, costs are high, and there are those who are living without health care, and we need to help them as well. But creating a national health care system, displacing all private providers and vendors, and creating the associated unintended consequences is a huge risk to all Americans who use our current health care system.

Let's try incentivizing health care costs through the tax system, work to make sure all our citizens have access to coverage and proactively encourage our citizens to adopt more healthy lifestyles in order to manage costs.

Ryan has laid out a reasonable approach for solutions to some of our most intractable problems. Don't we owe it to the next generation to at least give these ideas a look to see if they will help? That's the true Wisconsin Progressive tradition.

**Mark D. Bugher**, *Director  
University Research Park, Madison*

## Reform Roadmap

Your two articles on Paul Ryan's health care reform roadmap — one by Ryan, the other by Michael Meulemans ("Paul Ryan's Health Care Roadmap: No More Small Steps," October 2008) — reveal the extent to which conservatives and progressives have converged on the problem of health care hyperinflation.

Ryan agrees with progressives that skyrocketing health care costs are unsustainable and that we need fundamental reform.

This is a sharp break from our last national health care reform debate in 1993, when conservatives defended the status quo.

However, Ryan's roadmap reveals a sharp divergence between conservatives and progressives on solutions, with the conservative Ryan ironically taking a much more radical approach. His roadmap is a drastic departure from the traditional conservatism of Edmund Burke.

Ryan proposes dismantling the current employer-based health insurance system (where most get health coverage today) and replacing it with a system where workers are given modest tax credits to buy their own unregulated health insurance.

The premise of Ryan's scheme is that individual consumers, armed with a tax credit and greater transparency, will be able to accomplish what business has failed to do: place downward pressure on health insurance costs. This flies in the face of the cardinal economic principle that the greatest bargaining power is held by larger economic actors who have market leverage. Ryan's scheme also runs counter to the nature of insurance, which spreads risk across large numbers of healthy people to pay for those who are sick.

By creating a more fragmented and unregulated individual market, Ryan would create even greater market incentives for insurance companies to cover healthy people and discriminate against those at higher risk.

Fortunately, his scheme faces an uphill battle, as there are few things the public fears more than being left on their own to negotiate with the health insurance industry.

**Robert Kraig**, *Program director  
Citizen Action of Wisconsin, Madison*

## Your letter here.

*Wisconsin Interest* welcomes letters commenting on its stories and columns. Letters must be signed, include the writer's street address and phone number for ID purposes only, and are subject to routine editing. They should be no longer than 300 words and either emailed to [letters@wpri.org](mailto:letters@wpri.org) or mailed to Wisconsin Interest Letters, c/o Wisconsin Policy Research Institute, PO Box 382, Hartland, WI 53029.





MILWAUKEE

## A hard winter, but spring brings hope.

By Kenneth R. Lamke



Besides snow and cold, bad economic news got dumped on Milwaukee almost daily this past winter. Corporate revenue losses and job cuts piled up like dirty snow piles.

Smaller economic flurries also depressed the winter mood. Locally owned Heinemann's Restaurants abruptly shut down after 86 years in business. The Harry W. Schwartz Bookshops chain announced it would close after 82 years. The 16-year-old Hal Leonard Jazz Series at the Pabst Theater ended. The Milwaukee Art Museum, including its high-profile Calatrava wing, said it would open only six days a week this year, not seven. And, at the other end of the culture scale, the Potawatomi Bingo Casino shut down a casual restaurant that had opened only six months earlier.

More little cuts to the culture of Milwaukee, broadly defined, appeared certain to occur throughout 2009.

True, these smaller closings are not the end of the world. The end of the world actually occurred in 1965, when the Milwaukee Braves moved to Atlanta.

As local historian John Gurda has noted, Milwaukee's economic and political power probably peaked around 1960 relative to other cities.

Since then, the city's population has fallen, industrial and commercial enterprises have disappeared, income growth has not kept pace with the rest of the country, crime has increased, and the school system doesn't work anymore — or at least its students don't.

And yet, much here is better than it was 50 years ago.

We now have: a solidly grounded arts community, including symphony, ballet, opera and theater; the Milwaukee Bucks basketball franchise; a revitalized downtown of new office and residential buildings;

school choice; a crime rate that, while worse than in 1960, is better than it has been; a fairly stable housing market; the Calatrava; new industries and revitalized older ones — albeit all hit by the current downturn; and more.

Such as the Milwaukee Brewers, playing in a retractable-roof ballpark. The world didn't end in 1965 after all, because God, or Bud, or somebody, brought the Brewers here in 1969.

The home opener is April 10. Let it snow. The world isn't likely to end in 2009, either.

*Now retired, journalist Kenneth R. Lamke struck fear in the hearts of Wisconsin politicians for several decades.*

### Think Baseball.

THE CAPITOL

## Can the GOP strike again?

By Deb Jordahl

Wisconsin Republicans found solace in November's election results. Despite a Democratic tsunami that gave Barack Obama a whopping 13% percentage-point lead in Wisconsin, Assembly Republicans held their losses to five seats, while their Senate colleagues nearly gained one.

That means Republicans only need to pick up four seats in the Assembly and two seats in the Senate to reclaim majority control in 2010.

While a GOP victory is clearly within striking distance, striking is not the Grand Old Party's strong suit, and since there's no such thing as a bloodless

coup in politics, this deficiency represents a serious liability.

**Republicans have yet to find their voice as the loyal opposition.**

Whatever happened to the voice of fiscal responsibility, lower taxes, less government and more personal freedom?

It was replaced by GOP leaders increasingly beholden to a lobbying corps burgeoning with their former colleagues and staff that pushed just about every cause the GOP base loves to hate, from subsidizing ethanol to raising gas taxes.

Republicans' reluctance to throw (or land) a punch is the result of being in charge of government for so long; they literally can't remember how they got there.

To wit: Only three of the 46 Assembly Republicans have experience serving in the minority party. In one way or another, Wisconsin Republicans have held power since 1986, when the Assembly Republican Minority leader, Tommy Thompson, was elected governor.

Does anybody remember Tommy's Assembly reign as "Dr. No," fighting back tax increases, government regulation and the welfare state?

Over the last seven years, Gov. Jim Doyle has left a long and winding trail of broken promises: to reduce the size of government, balance the budget without raising taxes and run a clean, competent and open government.

But the GOP has yet to find its voice as the loyal opposition, and it seems every time it comes close to rising up, it is dragged down by those back-scratching friends in Madison.

It's tough to take on the establishment when you become the establishment. The good news is that the GOP can no longer make that claim. The bad news is that they need to find new friends. My recommendation: Get a dog.

*Deb Jordahl is a conservative strategist and consultant. She blogs at [www.wpri.org](http://www.wpri.org).*



DANE COUNTY

## Have voters grown weary of Kathleen Falk?

By David Blaska

In many respects, Dane County Executive Kathleen Falk's run for re-election this spring is not so much against conservative Nancy Mistele but the ghost of a 21-year-old University of Wisconsin-Madison student.

Brittany Zimmermann, who was engaged to be married and was studying to be a doctor, was stabbed and strangled in her locked apartment on April 2, in the middle of the day, only six blocks from Falk's office, the Madison Police Department and Falk's 911 emergency communications center.

The 911 Center bungled Zimmermann's plea for help, failed to call her back and sent police on a wild goose chase by misidentifying the source of the dropped call.

Falk might have chalked up the horrifying mistake to human error or bad luck, save for a little history. In April 2004, a consultant recommended that Dane County immediately hire eight additional dispatchers. Instead, the exec tried to cut three existing dispatchers. It didn't help that the 911 Center manager she hired was the only one of four applicants with no pertinent experience.

**This was another way of pinning a big red "R" for Republican on Mistele.**

The ghost of Brittany Zimmermann isn't the only problem haunting Falk as she seeks a fourth term. She irritated Dane County progressives by bumping off Attorney General Peg Lautenschlager in the Democratic primary last fall. A weakened Falk (Lautenschlager actually outpolled her in

Dane County) then lost the November election to Republican J.B. Van Hollen.

We got a big clue to Falk's re-election strategy at a debate at the Fitchburg City Hall. The key question, directed at Mistele, could have been a plant. For whom did she vote for president?

This was another way of pinning a big red "R" for Republican on Mistele, as if she were Hester Prynne's twin sister, in Wisconsin's most liberal county.

Mistele, a former Madison school board member, ran twice for State Senate as a Republican. This being Dane County, she lost.

Party ID is surely Falk's trump card. Her campaign website features a photograph of her sandwiched between Gov. Jim Doyle and one Barack Obama. Dane County voted Obama/Biden over McCain/Palin by almost a 3-to-1 margin.

Still, after 12 years in office, after failed runs for governor in 2002 and attorney general in 2006, Falk fatigue has set in even among her liberal true believers.

Milwaukee County Executive Scott Walker proved six years ago that a

Republican can win in a normally Democratic county if the Republican wields a big enough broom after a big enough scandal.

The election April 6 in Dane County, then, is a test as to whether Mistele can sweep aside party ideology by casting herself as a believable reformer and Falk as a fatally flawed manager. Perhaps a fatality-flawed manager is a truer representation of Falk.

David Blaska blogs at *TheDailyPage.com.*, where he regularly torments Madison liberals.



Nancy Mistele, candidate for Dane County Executive.



Incumbent Falk



GUBERNATORIAL POLITICS

## Doyle fires warning shot at Walker.

By Aaron Rodriguez



With the 2010 election season approaching, Gov. Jim Doyle made a sharp preemptive strike against a potential challenger, Milwaukee County Executive Scott Walker. Doyle's secretary of Health

**...all point to Doyle engaging in political game-playing, not responsible government.**

Services, Karen Timberlake, announced in February that the state will assume direct

control of Milwaukee County's public assistance programs because, she said, Walker's administration has "demonstrated a sustained inability to successfully provide services to its poor customers."

If this were true, why didn't the state step up earlier to offer help? Instead of teaming up with Walker to improve the supposedly impaired services, Doyle demonstrated just how politically dangerous it would be for Walker to develop a gubernatorial itch.

Walker responded by arguing that the state underfunds mandated programs. (This is a familiar complaint among local officials in Wisconsin.) So what is Doyle's solution? The state will assume control over the Milwaukee County Call Center, which handles citizen inquiries for programs like BadgerCare Plus and FoodShare, and he will install state managers to run the medical assistance, child care and food aid programs, while keeping understaffed caseworkers on the county payroll.

In short, Doyle's solution is to add a new level of bureaucracy and create an untested state/county "hybrid model" of management, while sticking the county with the bill.

In political terms, Doyle created enough commotion to divert attention from the state's looming budget shortfall of \$5.7 billion. The convenient timing of the takeover, the irresponsible lack of funding and the questionable solution of hybrid management all point to Doyle engaging in political game-playing, not responsible government.

*Aaron Rodriguez blogs at [TheHispanicConservative.com](http://TheHispanicConservative.com).*



John Fund is a columnist for the *Wall Street Journal's* Website and writes for its daily "Political Diary." This column is excerpted from his book "Stealing Elections: How Voter Fraud Threatens Democracy," New York, 2008, Encounter Books, and from his reporting for The Journal.

# Who cares about voter fraud?

*Milwaukee police uncovered a problem, but politicians chose to ignore it.*

*By John Fund*

In February 2008, the Milwaukee Police Department's Special Investigation Unit released a stunning report that should silence skeptics who say vote fraud is not an issue in Wisconsin. The investigators found after an 18-month probe that in 2004 there had been an "illegal organized attempt to influence the outcome of an election in the state of Wisconsin."

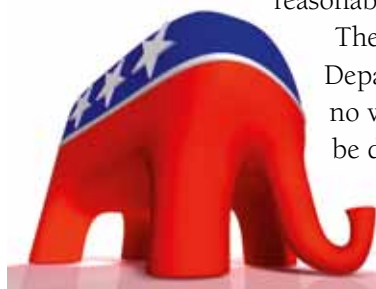
Among the problems cited were ineligible voters casting ballots, felons not only voting but working at the polls, transient college students casting improper votes, and homeless voters possibly voting more than once. The report said the problem was compounded by incompetence resulting from abysmal record-keeping and inadequately trained poll workers.

One investigator, after examining Milwaukee's election system, was quoted as saying: "I know I voted in the election, but I can't be certain it counted."

**Examples of incompetence included the fact that between 4,600 and 5,300 more ballots were cast than actual voters recorded as having shown up at the polls. Election officials declared more than 1,300 registration cards filled out at the polls were "un-enterable" or invalid.**



The sloppiness was so bad it hampered and often prevented efforts to prosecute wrongdoers. The report cited statements by jurors in federal court trials of two men accused of double voting. Despite apparent evidence of fraud, one trial produced a “not guilty” verdict and the other a hung jury. Jurors complained that because of mismanagement of voting records by the Election Commission they could not find guilt “beyond a reasonable doubt.”



The Milwaukee Police Department’s report minced no words about what should be done to prevent future scandals: The state should end its policy of allowing people to show up at the

polls on Election Day, register to vote and then immediately cast a ballot.

Naturally, the Milwaukee Police Department’s report was met with mixed reactions. Attorney General J.B. Van Hollen, a Republican, called the findings “extraordinarily troublesome” and embraced many of the report’s recommendations. But Gov. Jim Doyle, a Democrat, questioned the authority of the investigators to suggest reforms. Liberal pundits were even more scathing.

“We understand the sleazy, political reasons Republicans want to make voting more difficult for anyone not wealthy or white,” wrote columnist Joel McNally.

Only weeks after the report was released, Sen. Russ Feingold joined with fellow Democratic lawmakers from Minnesota to introduce federal legislation to require states to have same-day voter registration, arguing that the system had worked well in Wisconsin.

Given such efforts, the Milwaukee report was a fire bell in the night to both federal and state lawmakers. But in Milwaukee, the alarm continues to go unheeded.

A week before the 2008 election, Mike Sandvick, head of the MPD’s Special Investigative Unit, was told by superiors to not send anyone to polling places on Election Day. He was also told his unit — which wrote the book on how fraud could subvert the vote in his hometown — would be disbanded.

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**‘We know what to look for, and that scares some people,’ a police investigator told me.**

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“We know what to look for,” he told me, “and that scares some people.” In disgust, Sandvick retired. (A police spokeswoman and the chief insisted that the unit isn’t being disbanded and that any changes to the unit “aren’t significant.”)

Sandvick said the problems his unit found in 2004 are “only the tip of the iceberg” of potential voter fraud. “The time to stop voter fraud is prior to when the questionable ballot is mixed in with all the valid votes,” he says.



Former MPD Capt. Glenn Frankovis agreed: “This issue could be solved if [the police chief] would assign police officers to the polling locations as was customary about 20 years ago.” But election monitors are now viewed as “intimidating” in minority precincts and were reportedly withdrawn.

“They say voter fraud isn’t a problem,” noted Sandvick, “but after this election it may be all too clear it is.” Now that Sandvick has resigned from the force after a long, honorable career, let’s hope someone else is allowed to follow up on his spadework. ■





A photograph of a man in a dark suit and patterned tie leaning over a young girl in a classroom. The man is looking down at the girl, who is looking up at him. The background shows a classroom setting with a whiteboard and a bulletin board.

ON THE FRONTLINES OF REFORM WITH  
WRITER SUNNY SCHUBERT

# Miracle

at St. Marcus

Henry Tyson shows  
how urban education  
can succeed in the  
right setting.





*“Never!” barks Henry Tyson with a laugh when he’s asked if he ever imagined himself as the poster boy for educational excellence in Milwaukee. His faint English accent, a remnant of his own school years in a British boarding school, makes the word come out “Nevah!”*

“I never wanted to be involved in helping the poor. My mother was born in Africa and was always very sympathetic toward the poor and people of other races. But the whole inner-city thing came about during my senior year at Northwestern,” says the superintendent of Milwaukee’s St. Marcus School.

“I was majoring in Russian, so in the summer of my junior year, I went to Russia. I absolutely hated it — just hated it. So when I got back to school, I realized I had a problem figuring out what to do next,” he remembers.

About that time, he was having a discussion with a black friend, “and she basically told me I didn’t have a clue what it was like in the inner city. She challenged me to do an ‘Urban Plunge,’ which is a program where you spend a week in an inner-city neighborhood.

“We were in the Austin neighborhood, on the West Side of Chicago. It was a defining moment for me,” he says. “I was so struck by the inequity and therefore the injustice of it all. I couldn’t believe that people lived — and children were growing up! — in such an environment, such abject poverty.

“I knew after that week that I wanted to work with the urban poor. I felt a deep tug, like this was what I was meant to do. In my view, it was like a spiritual calling.”

#### TYSON’S JOURNEY

It was the start of several journeys for Tyson: an educational journey into the failing milieu of inner-city schools; a physical journey that would carry him to St. Marcus Lutheran School on Milwaukee’s north side, and a spiritual journey that would lead him to the Wisconsin Evangelical Lutheran Synod.

The programs he oversees at St. Marcus are the embodiment of everything he learned along the way. Tyson’s students are proof of the ability



of poor black children to perform just as well academically as their affluent white peers when placed in a highly structured and challenging environment, and testimony to the power of the Christian Gospel to transform lives.

Tyson, meanwhile, has become a powerful spokesman for the successes of the 20-year-old Milwaukee Parental Choice Program. He is an eloquent and elegant speaker with a direct gaze that conveys the strength of his convictions.

It doesn't hurt that he is Hollywood-handsome as well, looking like he might be actor Colin Farrell's older, smarter brother.

*There is no jostling,  
no yelling, no students  
slamming each other  
into lockers at St. Marcus.*

#### AMERICORPS VOLUNTEER

The 36-year-old bachelor was 4 when his family moved to the United States from Britain, but three years later, his parents sent him back to attend Felsted School in the south of England. That decision, he says, “was based partly on tradition — I had five older siblings, three of whom were at Felsted — and partly because they were disappointed in American schools.” Years later, he would come to share that disappointment.

After graduating from Northwestern, he joined AmeriCorps and was assigned to work with Habitat for Humanity in Chicago. “I became involved with several Habitat families, and through them I became aware of how bad many of the Chicago public schools were.”

Then his boss invited him to dinner, where

Tyson met fellow guest Arne Duncan, who would eventually become the reforming CEO of the Chicago public schools and President Barack Obama's pick for U.S. secretary of Education.

That night, over dinner, Duncan convinced him that education “was a more involved, systemic solution than housing” for the problems facing the urban poor.

Tyson enrolled in DePaul University, earning a master's degree in secondary education. “I had a good experience at DePaul, but I did not learn what I consider to be the critical elements of great urban education there. I'm a firm believer that great urban educators aren't educated on college campuses — only in great urban schools.”

Which the Chicago high school where he began teaching emphatically was not. His fellow teachers lacked passion and commitment. The students were out of control. The classrooms were chaotic.

After a year, he moved to a suburban high school, which was somewhat better. But then a former colleague, Kole Knueppel, called him up. Knueppel had moved to Milwaukee to become principal of St. Marcus Lutheran School.

“You've got to come up here!” Tyson remembers Knueppel telling him. “We're going to do great things!”

#### TESTING HIS IDEAS

St. Marcus was about to undergo a \$5 million renovation that would allow the student body to expand from 220 to 330. But best of all, St. Marcus would give Tyson the freedom to put his ideas concerning urban education into practice, and he would be surrounded by fellow teachers who shared his passion and commitment.

That was six years ago. Today, Tyson is superintendent of St. Marcus. Knueppel has moved on to head Hope High School, St. Marcus' “sister” choice school.

“When I got hired at St. Marcus, the first thing they did was send me to New York to look at a KIPP (Knowledge Is Power Program) school.” He has visited other excellent urban schools in Houston and Chicago as well.

“What I saw in those schools revolutionized my thinking. When you walk into a great urban school, you can tell the difference immediately.

“The kids are focused. The teachers are teaching with passion. It’s happy and calm.

“The school day is crazy-long. There’s direction. You see college stuff everywhere. And if you talk to a student, they make eye contact. They talk confidently, and they’re polite.”

That’s what St. Marcus is like. At first glance, it looks like any school, albeit cleaner and neater than some. But the difference between St. Marcus

***“Love is absolutely the  
No. 1 ingredient” at  
St. Marcus, Tyson says.***

and an average public school becomes apparent when students are between classes.

There is no jostling, no yelling, no slamming each other into lockers. The students, wearing uniforms of blue pants, blue blazers, white shirts and red ties, walk swiftly and quietly to their next class.

And they are excelling. Tyson pushed for them to take standardized tests, which are not required for private schools, and they are testing far ahead of their demographic peers.

Like their teachers, they are serious about learning. They arrive at St. Marcus as early as 6:30 a.m., and middle-school students often stay as late

as 8:30 p.m. Tardiness, truancy and any kind of disruptive behavior are met with instantaneous discipline.

In the early grades, the teachers eschew educational fads like the new math or “whole language” reading instruction. Instead, they focus on the basics. In the upper grades, the curriculum is rigorous. Students are expected to complete three to four hours of homework every night. Along with academic subjects (including Latin), they have daily religious instruction.

“The transformative power of the Gospel of Jesus Christ” is a crucial element of St. Marcus’ success, Tyson says, and in his own life.

“I have never been a good Christian,” he says. “Christ said only God is good. I am a miserable, broken sinner saved by grace, which brings me a tremendous amount of joy.”

He and his colleagues are driven to share that joy with their students.

“We teach these kids that ‘God made you, God loves you, and God has a purpose for you.’ And when they know that, they will do anything to serve him.”

“Love is absolutely the No. 1 ingredient” at St. Marcus, Tyson says. “The kids don’t go nuts on us because they know we love them. There are all kinds of things you can do to kids in terms of discipline when they know that they are loved.”

## **LONG HOURS, HARD WORK**

Likewise, St. Marcus teachers are willing to put in 12-hour days in service to God and their students.

“Any school that is successful has very extended hours,” Tyson says. “That single point right there is absolutely critical. As long as the schools want to stick with the 6.5-hour day, we will never be successful.

“I never have to fight with my teachers. I think



there are a lot of teachers out there who would jump at the chance to teach at a school like this. When you give a teacher the opportunity to change lives, the job becomes a consuming passion.”

“Teaching is impossibly difficult. Period. You get better with practice. That’s one thing that’s wrong with our teacher training programs: Students don’t spend enough time in the classroom, not enough time practicing.

“Urban education is not rocket science. Our model is largely stolen. People who are serious about school reform need to ask themselves why St. Marcus is more successful than most inner-city public schools at about half the cost,” Tyson says.

“What we do here works. We should be replicating what works, but society has chosen not to.” ■

*Sunny Schubert is a Monona freelance writer and a former editorial writer for the Wisconsin State Journal.*

## MORE ABOUT ST. MARCUS

Located on Milwaukee’s near north side, St. Marcus Lutheran School and its adjoining church and parsonage occupy a whole city block in the Brewer’s Hill neighborhood.

The school, 2215 N. Palmer St., opened in 1875 to serve the children of the German immigrants who founded the church. Decades later, white families began leaving and were replaced by black families, most of them low-income.

Today, the neighborhood is again changing, with poor people moving out as the area gentrifies. “When I first started teaching here in 2002, most of our students came from the neighborhood,” Tyson says. “Today, the only students from the neighborhood are our pastor’s kids.”

St. Marcus School has 330 students, up from 220 when Tyson started. Most are black; 85% are low-income students who bring with them \$6,500 vouchers through the Milwaukee Parental Choice Program. St. Marcus’ per-pupil expenditures are about \$7,500 a year, compared to \$13,000 per pupil in the Milwaukee Public Schools.

There are 45 full-time teachers and staff members. Teachers are paid almost as much as they would receive in the public schools, but are expected to work much longer days.

The school offers classes from four-year-old kindergarten through eighth grade. Admission is selective only in that returning students and their siblings are given priority. Any remaining vacancies are filled by a blind lottery among applicants.

St. Marcus does not cherry-pick its students, and Tyson says more than a handful would be considered “special needs” by the public schools because of learning, emotional or behavioral problems. Almost all respond to St. Marcus’ formula of love and discipline.

In his six years at St. Marcus, Tyson says, “there have been about 10 kids we just couldn’t reach. “I very much regard it as our failure, not theirs.”

For more about the school, go to:  
<http://www.stmarcus.org/school/>



# MPS's parental program



# -entertainment spent freely, widely

**But, oh, the questionable expenditures. Now some are banned.**

**An investigative report  
BY MIKE NICHOLS**

TAX DOLLARS INTENDED TO HELP PARENTS IMPROVE THEIR CHILDREN'S ACADEMIC ACHIEVEMENT HAVE FOR YEARS ROUTINELY BEEN SPENT BY MILWAUKEE PUBLIC SCHOOLS ON EVERYTHING FROM ROLLER SKATING TO BOWLING TO WATER-PARK FIELD TRIPS, AN INVESTIGATION BY WISCONSIN INTEREST HAS FOUND.

Thousands of dollars were also spent on fast food, DJs, prizes, gift certificates and other goodies and giveaways. One school spent \$556 in parental-involvement money to buy 250 pumpkins. Another spent \$686 for a Milwaukee Bucks "Family Night."

Even when a clear academic purpose is evident, there are often questions about excess. Two schools, according to invoice descriptions, spent more than \$17,000 to rent hotel and banquet-hall space for student recognition ceremonies.

Research, as well as common sense, has long shown that having engaged and informed parents is one of the most important ways to increase a child's success in school — and in life. Recognizing that, the federal government has funneled "parental involvement" tax dollars to many school districts across the country.

This year alone, schools run by MPS will receive \$38.2 million from the federal government's Title I program. Like other large districts, MPS must set aside at least 1% for parental-involvement initiatives. The district goes further and sets aside

**Many of the activities, courtesy of tax dollars, are focused less on academics than on entertainment.**

2% — which would amount to about \$764,000 in the 2008-2009 school year.

The intent is clear. By law, all Title I money is supposed to help disadvantaged kids learn more, and parental-involvement dollars are supposed to spur parents to take part in the education of their children.

Instead, money has often been spent on fun, and it's far from clear whether parental-involvement programs are succeeding.

The state Department of Public Instruction evaluates Title I and other, smaller, federally funded parental-involvement programs annually; at the end of the 2007-2008 school year, it gave MPS "incompletes" for both.

Not all of the money, to be sure, is wasted. DPI noted MPS's commitment to parent training, some initiatives to keep parents informed, parent

centers and parent "climate surveys," for instance. There is a Parent Congress that meets monthly.

MPS has more than 200 schools, and a review by Wisconsin Interest indicates that many have used the money responsibly, spending it on books and informational mailings, or on family events with a clear academic purpose. It is common, for example, for schools to use parental-involvement money to hold "Family Reading Night" or "Family Math Night" or "Literacy Night."

But many of the activities, courtesy of tax dollars, are focused less on academics than on entertainment.

Wisconsin Interest reviewed scores of MPS educational plans and a portion of a database of more than 400,000 MPS invoice descriptions obtained by a watchdog group, Citizens for Responsible Government. We found instance upon instance of questionable spending of federal tax dollars. For example:

- Oliver Wendell Holmes Elementary School spent more than \$680 in parental-involvement money — including \$550 on tickets and \$57 on Bradley Center food — on a Bucks Family Night in the spring of 2008.
- Community High School spent \$742 last June for a field trip to the AMF Bowlero Lanes bowling alley.
- John Burroughs Middle School paid \$4,761 to a vendor described as the Funny Business Agency Inc. in November 2007 for "carnival set-up and services."
- Cass Street School spent \$960 with an outfit called Fun Services in 2007.





## MPS'S CULINARY STRATEGY

### **OFFERING FREE FOOD DEFENDED AS A PARENTAL DRAW**

Fast-food joints have been a major beneficiary of the Milwaukee Public Schools' efforts to increase parental involvement in education.

Subway, Little Caesars, Cousins, Jimmy John's, Dunkin' Donuts, Popeye's Chicken, Pizza Shuttle, Papa John's Pizza, Paulo's Pizza and Pizza Hut have all been paid with Title I parental-involvement funding, according to invoice descriptions reviewed by Wisconsin Interest.

Allen-Field Elementary alone spent \$810 at McDonald's for an event in December 2007.

Still, catering might be where the real money goes. Caterers were paid hundreds — in some cases thousands — of dollars between January 2006 and July 2008, including: Daniel's Catering, Cash & Carry Catering, First Choice Caterers and vendors described in invoices as "Parties Unlimited" and "Marion's Delectable Catering."

Fifty-Third Street School alone paid \$1,627 to Deliciously Different catering for a parents' breakfast in 2008.

In at least one instance, the food didn't go to the school; the parents went to the food. Invoices show that Humboldt Park School paid \$660 for an "Applebee's — gift parent group" in June 2006.

Another invoice, meanwhile, stated that Hopkins Street Elementary School paid \$894 in Title I funds to one of the Mo's restaurants in 2007. That was for Honor Roll students, each of whom was able to take one parent as a guest, said MPS spokeswoman Roseann St. Aubin.

"However, though the invoice stated Title I, no Title I funds were used" according to St. Aubin. The money, she indicated, came from other fees.

Principal Carletta Noland of Dr. Arthur A. Fletcher Elementary School said \$540 in parental-involvement funds were used to pay "Parties Unlimited" for a 2007 "Spirit Night" event at the school. But the money was recouped when parents were then charged \$4 for food, she said.

Other school officials defended the expenditures because the food was served at literacy, math and other appropriate school events.

Fifty-third Street School leaders pointed out that the Deliciously Different catering was for a graduation ceremony.

"A lot of parents do respond to the food," said Phyllis Anderson, the MPS Title I coordinator. "It increases the attendance. You have to remember that a lot of these parents are coming to activities after work." Food, according to MPS officials, is generally an allowed expense under federal Title I regulations — though not always. And it appears that at least one school has violated the regulations.

After initially stating that the Applebee's expenditure was related to a "training/school data review session for the end of year," MPS administrators said that Humboldt Park School spent \$660 in parental-involvement money on "gift cards" for 20 parents who sat on a school council.

Since August 2008, MPS administrators say they have been providing specific guidance to individual schools about what sort of Title I spending is allowed.

But "at the time," according to St. Aubin, "the decision was apparently made without an understanding that this type of expense [gift cards] is not allowable."

Nor, according to St. Aubin, would a dinner at Mo's for Honor Roll students be an "allowable use" of Title I funds.

- H.W. Longfellow Elementary spent \$528 on a trip to Mt. Olympus Water & Theme Park in Wisconsin Dells in spring 2007.
- More than \$470 in Title I funds were used by Dr. George Washington Carver Academy of Mathematics and Science for a 2008 trip to

Wisconsin Skate University, a roller skating and fun center that has since changed its name.

The accuracy of the database isn't disputed by Roseann St. Aubin, the MPS director of communications and public affairs.



## MPS'S SWAG STRATEGY FOR PARENTS

### *FILL OUT A SURVEY, WIN A DOOR PRIZE.*

Milwaukee Public Schools administrators call them “incentives” and “enticements.” If you were at a trade show or a conference, you’d probably just call it the “swag” that everybody gets just for showing up.

In return for parents filling out a survey or attending a meeting, MPS schools have offered everything from food to clothing to door prizes, paid for with federal parental-involvement money, according to interviews with district officials and a review of school educational plans by Wisconsin Interest.

Some items weren’t described as “incentives” in the invoices but appear to have served the same purpose as a reward: fruit baskets, key chains, umbrellas, tote bags and mugs.

T-shirts were especially popular. MPS schools spend hundreds of dollars, and in some cases more than \$1,000, on school T-shirts. In 2007 and 2008, Wedgewood Park International School spent more than \$1,000 on parent T-shirts and another \$526 on umbrellas described as a “parent giveaway.”

Wedgewood principal Suzanne Kirby said the circumstances surrounding the spending were unusual. Two middle schools were being combined to form Wedgewood, and it was a “very emotional” time. Incentives were offered to increase attendance at meetings about curriculum and programs, she said.

But no more.

“My clarification for this year is incentives are not allowable,” said Phyllis Anderson, the MPS Title I coordinator. Asked if that means prior spending on incentives was improper, Anderson said she could not answer that “because I just received the guidance from DPI this year.”

Department of Public Instruction policy states that “incentives” such as books, educational software, markers, magazines and museum field trips can be purchased with federal Title I money, but federal funds are not to be used to purchase incentives such as gift cards and movie passes and pizza parties, according to Mary Kleusch, director of DPI’s Title I team.

As for Wedgewood, the federal money is now used for basic things like paper and ink and a “Wednesday folder” full of information for parents, Kirby said.

A Holmes Elementary administrator told her that the Bucks game was a culminating event for the parent/student book club, Honor Roll students and the home reading program.

The Community High School event that 25 or 30 parents attended with their children at AMF Bowlero was an extension of a class that helps parents “build and maintain healthy relationships among family and friends,” according to St. Aubin. The bowling alley donated passes, and most of the money was used for food, she said.

The Funny Business Agency vendor was used for a “Parent Involvement Day” that helped prepare children for the start of school, according to St. Aubin. And the Fun Services vendor provided activities for a “Family Fun Night Spring Open House” that also included study tips and information for parents about health and nutrition.

The Carver skating party, meanwhile, was mistakenly funded with Title I money due to a clerical error, St. Aubin said.

It’s nearly impossible to determine how much such events focused on learning as opposed to entertainment. Three schools, for instance, appear to have paid \$350 or \$400 a pop to a company called Movie Licensing Inc., for showing movies. It’s unclear what the educational purpose was since school official did not return calls.

Other school officials attempted to put the spending into context.

There’s no indication that Fifty-Third Street School used parental-involvement money for movie licensing rights. But the school does have a Family Movie Night that, according to an educational plan,

includes dinner and is designed to “promote fun at school and [for parents] with their children.”

Principal Bridgette Hood said maybe the goal was “not worded in the best way” but that “we do think it is necessary to bring the parents into the building to build the camaraderie” with the staff and their own kids.

Communication — if not exactly camaraderie — is required by law in troubled districts such as MPS, where administrators are supposed to provide parents with specific information about academic deficiencies and their options to attend other schools.

That hasn’t always happened in MPS. In the 2007-2008 school year, DPI found that some principals’ letters were incomplete, and some were sent out after the school year had started, meaning parents could not easily transfer their children to a new school.

No one interviewed for this story doubted the wisdom of parental-involvement programs. Experts say that kids with engaged parents are more likely to get better grades, attend school regularly, develop better social skills and move on to college.

Common sense, though, says that there is only so much money to spend — especially given the high cost of hot dogs or nachos at the Bradley Center. And there are questions, too, about whether money is ultimately furthering kids’ educations or simply subsidizing a nice community event — albeit one with cool carnival games.

Or pumpkins.

Hartford University School throws an annual “Pumpkin/Math Night” each October, and activities range from estimating the weight of a pumpkin to probability games involving seeds. Such events, school officials believe, foster a sense of community. They also likely foster the appreciation of pumpkin growers since the school spent \$556 in parental-involvement money for 250 pumpkins in 2007 alone.

That, granted, is small potatoes, or gourds, especially compared to the amount of parental-involvement money traditionally spent at the end of the school year — when money has to be used or, perhaps, lost.

There have been year-end expenditures on everything from celebrations to barbecues.

John Burroughs Middle School spent more than \$12,000 for student recognition events at the Four Points by Sheraton Milwaukee North hotel at the end of the last two school years. Rogers Street Academy, according to an invoice description, paid \$6,084 in June 2006 to American Serb Hall for a student award event.

All of this was federal money that was meant to promote schools and teaching and learning, but appears more likely to have promoted eating or socializing or partying.

Anne T. Henderson, a senior consultant with the Annenberg Institute for School Reform’s

**There have  
been year-end  
expenditures on  
everything from  
celebrations to  
barbecues.**

Community Involvement Program, has heard complaints that low-income families “don’t care about their kids” or “don’t value education.” She takes exception.

Parents of all income levels, she told Wisconsin Interest, “desperately want information” about how their kids are being taught. Low-income parents are often at a disadvantage, though. They are less likely to know what good teaching looks like, sometimes feel less comfortable talking to teachers and have less confidence in their ability to help.

Some schools overcome that.

Educators at charter and choice schools recognize that getting parents actively involved in their children’s education is central to their mission. They suggest that connecting with parents is more about attitude and school culture than dollars — more about what is asked of parents than what is given to them.

The kids who attend Bruce Guadalupe Community School, a public charter school in Milwaukee, are by no means rich. Over three-quarters qualify for reduced-cost lunches, according to Ricardo Diaz, executive director of the United Community Center, which runs the school. But expectations are high for both students and their parents. Parents

are required to donate their time to fundraising, chaperoning or coaching.

“Everybody has to do something,” said Diaz. The school, he says, is trying to get away from an “enabler mentality,” and parents and kids both respond. About 97% of parents show up at parent-teacher meetings, he says. They do not complain about being too busy to get involved.

Like many other charter and choice schools with lower-income students, Guadalupe does receive some federal parental-involvement money. The money, according to Diaz, is used for things like classes in English as a second language and for a learning center.

Eastbrook Academy, a private school that has a large percentage of students in the Milwaukee Parental Choice Program, also has many low-income students — and extremely involved

parents.

“We have parents crawling all over our building most days” offering to help,” said Chuck Moore, Eastbrook’s head of school. He says that “if you empower parents,” they will “get on board and make things happen.”





MPS has responded to DPI's concerns, says MPS Title I Coordinator Phyllis Anderson. She said the district has set deadlines for when letters must be sent to parents advising them of academic deficiencies. The district has also improved its documentation process to better gauge how parental-involvement money is spent. Anderson added that MPS is trying to make sure spending is spread out evenly over the school year.

She and other school officials said that the standards for spending are already — or will be — different than they were in the past.

Anderson, called payments to the movie licensing company “questionable,” for instance, and said she cannot see that spending being approved again. Field trips, meanwhile, must have a clear educational purpose.

Questions remain, though, about how that is defined. After spending \$411 at a Marcus theater, Parkview Elementary educators said it was “an opportunity for ESL students and their parents to strengthen English language skills.” An assignment, it was noted, was given afterward.

Asked how it can be known whether such parental-involvement events really improve student achievement, MPS officials did not claim to have a good measuring stick other than frequent parental surveys.

Asked, in the meantime, if spending parental-involvement money on things like Bucks games will still be allowed, Anderson said, “No.”

That doesn't mean an end to trips to the Bradley Center. According to St. Aubin, the Holmes principal has said she will use non-Title I funds to continue going to Bucks games — something Holmes has been doing for four years — because she feels it “keeps parents involved in the school and in their children's progress.”

## **An MPS official called payments to the movie licensing “questionable.”**

Principal Debra Wallace did not return calls, so it is unclear which Bucks game they will attend this year. Or how exactly using federal parental-involvement dollars to watch Dan Gadzuric or Joe Alexander — entertaining as they may be — has helped parents make their kids smarter.

Milwaukee's schools and many of the children in them are struggling. Everyone wants to see that change. What taxpayers throughout the state see instead is often lackadaisical oversight and questionable spending that deepen the wedge between those who run the schools and those who pay for, and worry about, them. ■

*Mike Nichols, whose columns appear in the Milwaukee Journal Sentinel, is a syndicated columnist and author.*

# What's the Matter With Wisconsin?

*Begin with disturbing parallels to a classic political screed castigating the anti-business politics of Kansas in 1896.*

BY CHARLES J. SYKES



Kansas Historical Society.

**AUTHOR'S NOTE:** While William Allen White is best known for his editorial "Yes, Virginia, There Is a Santa Claus," the legendary editor also wrote one of the most influential political tracts of the 19th century: a red-hot denunciation of the anti-business populism then sweeping his home state of Kansas.

Millions of copies of "What's the Matter With Kansas?"<sup>2</sup> were circulated nationally in the 1896 presidential campaign, and White's editorial became a classic American polemic. More recently, the title was expropriated by Thomas Frank for his (ironically) populist critique of modern politics. This essay is a Wisconsin version of the original, an homage to White's screed; where passages appear in *italics*, they are taken from White's essay. The rest is on us.

Last December, the Brookings Institution released a study showing that Wisconsin experienced a net loss of 20,000 people to other states in the last four years. From 2000 to 2004, Wisconsin gained residents from other states; but from 2004 to 2008, Wisconsinites voted with their feet, and the pace of their departure is accelerating.<sup>2</sup>

According to the Census Bureau, Wisconsin is growing at a rate slower than 37 other states. *If there had been a high brick wall and not a soul had been admitted or permitted to leave in the last four years, Wisconsin would be tens of thousands of souls better off. In those years, millions of people have been added to the national population, yet instead of gaining a share of this, Wisconsin has*



*apparently been a plague spot, and in the very garden of the world, has lost population.*

Not only has she lost population, but Wisconsin has also lost money. *Every month in every community sees someone who has a little money pack up and leave the state.* This has been going on for years. *Money has drained out all that time.*

From 2001 to 2006, folks fleeing the seven counties of southeastern Wisconsin took with them \$1.3 billion more in personal income than households moving into the area. Where did they go? To other states and to the lower-tax, lower-crime areas of Wisconsin<sup>3</sup>.

What neighborhood or family doesn't know a half score of acquaintances who have packed up, scraped together their assets and headed to sunnier or more wealth-friendly climes? Maricopa County, Ariz.; Lee County, Fla.; Denver County, Colo.; and Clark County, Nev., teem with expatriate Badgers and their cash.

A September 2008 study from Princeton University's Woodrow Wilson School of Government found that Wisconsin has one of the five worst migration patterns in the country: While people with money are moving out, we are a magnet for the poor.<sup>4</sup>

In states like New Jersey, the Princeton study found, "poor people leave, but rich people do not." Wisconsin is the anti-Jersey: Wisconsin, it found, "is more attractive to low-income individuals than high-income earners."

We have become about as attractive as...North Dakota.

Wisconsin's per capita income has fallen from 98% of the national average at the beginning of the decade to under 94% at the end of last year – a drop of \$5,000 a year for a family of four. Yet our neighbors

– who share the scourge of our climate - continue to grow comparatively rich. Our per capita income (\$34,476) lags behind both Minnesota (\$38,751) and Illinois (\$38,297).<sup>5</sup>

We lag behind the nation and our own region both in creating jobs and opening new businesses. In 2006, the number of businesses nationally grew by 2.5%, while here the number of new private-sector businesses dropped 0.4%.<sup>6</sup> By the end of 2007, the state had 2,487 fewer private businesses than it had in 2006.<sup>7</sup> And so it goes. Last year, Wisconsin was one of just 20 states where local venture capital funds raised no money at all.<sup>8</sup> Zilch.

Wisconsin isn't just losing dollars; she is also losing brains. According to the UW Board of Regents, Wisconsin ranks dead last in attracting college graduates into the state;<sup>9</sup> meanwhile, half of our new migrants from other states were high school dropouts. While the proportion of college graduates in the nation's population

has actually risen 1.8% in the last five years, the percentage of our population holding at least a bachelor's degree (24.6%) dropped 0.3 percentage points. Wisconsin is now last in the region, behind Iowa, Minnesota, Michigan and Illinois.

Between 1989 and 2007, Wisconsin saw a net loss of 128,492 people with college degrees; people with diplomas are following the people with cash out the door.<sup>10</sup>

What's the matter with Wisconsin?

Take up the census numbers and you will see that Wisconsin is falling further behind the country and its own neighbors. Our largest city continues to decay, with a rising jobless rate, an imploding school system and one of the worst racial employment and educational achievement gaps in the country.

**That's the stuff!  
Give the prosperous  
man the dickens!**



*Take it by any standard you please.* Wisconsin is *not in it*. We attract neither the young nor the old. Businesses look elsewhere; capital flows outward.

What's the matter with Wisconsin?

*We all know; yet here we are at it again.* We have moss-backed New Dealers, aging ex-hippies, bitter academics, defrocked union bosses railing about the need for higher taxes and mandates on evil corporations.<sup>11</sup>

*We have raked the old ash heap of failure in the state and found an old human hoop-skirt who has failed as a mayor, agitator and pseudo-intellectual and turned him loose to cudgel the businessman, the producer and the job creator about the head and to send up the cry to regulate them, load him with mandates and, for good measure, drive him (and her) from the political scene.*<sup>12</sup>

We have a moth-eaten ex-university chancellor who fired off a denunciation of the business community as he headed for a comfortable retirement largely paid for by their sweat and equity.<sup>13</sup> *We have another shabby, wild-eyed, rattle-brained fanatic* who thinks the solution for all that ails us is to hire more state tax collectors.

"We've got to get revenue in here somehow," howls state Sen. Fred Risser, enthusing over the prospect of new and higher taxes.<sup>14</sup> The co-chair of the Legislature's Joint Finance Committee joins in the chorus of the addled, declaring that he hopes to use the current budget crisis to raise taxes on the wealthy and jack up the capital gains tax.

"If one of the positives that can come out of this budget experience is that we've restored some tax

fairness, and that means there's some new revenue streams when the economy's better...that will be a great positive," says state Rep. Mark Pocan.<sup>15</sup>

And we have a grizzled union boss who says the time has come for unions to seize the day, declaring, "We have identifiable villains who have benefited from deregulatory policies that we have been fighting for years."<sup>16</sup>

*That's the stuff! Give the prosperous man the dickens!*

By all means let's pack the halls of government with the bibulous, the economically illiterate, the

Don't-You-Know-Who-I-Am gas bags,<sup>17</sup> the better to punish the high earners and small business folk who are left to be shaken down.

What's the matter with Wisconsin?

She has one of the worst budget deficits in the country, but we send up the cry for more spending and pork;

lets the roads go to hell, but choo-choo trains for everyone! Losing manufacturing jobs? Let's find ways to tax businesses more and raise the costs of energy! Let's block nuclear power, litigate wind power and harass coal power!

Businesses shutting down? Raise the minimum wage; mandate mandatory sick pay and insurance coverage!<sup>18</sup> Exports growing as a source of state jobs? Let's have the Legislature salivate for a Buy-American-Only trade war!<sup>19</sup> Urban schools in meltdown? Strangle school choice if the unions demand it!

Above all, even as private business sheds jobs, fatten the public payroll, juice the fringe benefits, and bloat the public employee pensions! Tax sales,

**Tax sales, tax property,  
tax income, tax profits, tax  
gas, tax cars, tax the sick,  
tax iPods, and, by all means,  
go back to taxing the dead!  
On Wisconsin!**



tax property, tax income, tax profits, tax gas, tax cars, tax the sick, tax iPods, and, by all means, go back to taxing the dead!<sup>20</sup>

On Wisconsin!

Our politicians steal money from the doctor-funded Patients Compensation Fund — and complain about the high cost of health care; require businesses to tack on a minimum markup and then lambaste them for “price-gouging.” Our leaders sneer at oil company profits, demonize pharmaceutical companies, block Wal-Marts — but make sure to keep the casino cash flowing and campaign dollars rolling!<sup>21</sup>

*Then for fear some hint that the state had become respectable might percolate through the civilized portions of the nation*, they contemplate passing a massive government-run health plan that will cost tens of billions of dollars while creating a new magnet for the poor, sick and dependent looking for a government handout.

A new study by the Wisconsin Policy Research Institute (the publisher of this magazine) says that the Healthy Wisconsin plan would draw an additional 143,000 people to the state and cost an additional \$550 million a year (in 2007 dollars).<sup>22</sup>

*Oh, this is a state to be proud of! What we need is not more money, but less capital, fewer white shirts and brains, fewer men with business judgment* and more government bureaucrats and government dependents! *Let the state ideal be set high. What we need is not the respect of our fellow men, but the chance to get something for nothing.*

When businessmen complain about regulations, litigation, or taxation, let's let loose a cloud of pajama-clad bloggers and tenured hit men to deride, mock and assail them, questioning their motives and their integrity.<sup>23</sup>

Oh, yes, Wisconsin is a great state. *Here are*

*people fleeing from it by the score every day, capital going out of the state by the hundreds [of millions] of dollars.... Let's not stop this year. Let's drive all the decent, self-respecting men out of the state.*

What's the matter with Wisconsin?

*Nothing under the shining sun. She is losing wealth, population and standing. She has got her statesmen*, and business and commerce have been put in their place. Wisconsin is *all right*. We never really believed in a dog-eat-dog capitalism or the lure of filthy lucre (unless it comes in the form of taxes). Here in Wisconsin, after all, we are all progressives yearning for a smoke-free, environmentally friendly, jobless Midwestern utopia. We are definitely all right. ■

*Charles J. Sykes, the editor of Wisconsin Interest, is the author of six books and hosts a daily radio show on AM620 WTMJ in Milwaukee.*

<sup>1</sup> William Allen White, “What's the Matter With Kansas?” Emporia Gazette, August 15, 1896.  
<sup>2</sup> “Economy, Housing Woes Slow Migration, Census Shows,” Brookings Institution, December 24, 2008.

<sup>3</sup> “Plugging the Income Drain: Southeastern Wisconsin Income Migration Trends, 2001-2006,” Public Policy Forum Research Brief, November 2007 (Vol. 95, No. 5).

<sup>4</sup> “Trends in New Jersey Migration: Housing, Employment, and Taxation,” Policy Research Institute, Woodrow Wilson School of Government, Princeton University, September 2008.

<sup>5</sup> Annual Benchmark Survey, Competitive Wisconsin, March 31, 2008.

<sup>6</sup> Ibid.

<sup>7</sup> “Pace of Business Openings in Wisconsin Lags Nation,” Milwaukee Journal Sentinel, January 23, 2009.

<sup>8</sup> “Steve Venture Capital Funds Raised No Money in 2008,” Milwaukee Journal Sentinel, January 19, 2009.

<sup>9</sup> [http://www.uwsa.edu/govrel/engage\\_wisconsin/12.pdf](http://www.uwsa.edu/govrel/engage_wisconsin/12.pdf).

<sup>10</sup> Tom Still, “Reversing the Brain Drain: How Can Wisconsin Attract and Retain More College Grads?” WTN News, October 13, 2008.

<sup>11</sup> Readers will be forgiven if they think these are apparent references to State Sen. Fred Risser, former Madison Mayor Paul Soglin, former UW Chancellor John Wiley and Ed Garvey; in fact, they could be liberally applied throughout state politics and government.

<sup>12</sup> You can peruse the work of former Madison Mayor Paul Soglin here: <http://www.wax-ingamerica.com/2007/12/wisconsin-manuf.html>.

<sup>13</sup> “Wiley Blasts WMC Influence,” Wisconsin State Journal, August 22, 2008.

<sup>14</sup> “Hire Tax Help, Report Urges State: 155 Agents Could Bring in Millions in Revenue,” Milwaukee Journal Sentinel, January 8, 2009.

<sup>15</sup> “Federal Largesse Could Leave Wisconsin Budget Worse Off,” Wisconsin State Journal, February 2, 2009.

<sup>16</sup> David Newby, president of the state AFL-CIO, quoted in Roger Bybee, “Union, yes!” Isthmus, January 30, 2009.

<sup>17</sup> “State Senator Sought Ticket's Dismissal,” Milwaukee Journal Sentinel, January 29, 2009. Could apply equally to many other local and state elected officials.

<sup>18</sup> See <http://www.thewheelreport.com/releases/Jan09/jan8/0108deckerbills1.pdf>; and here: <http://www.wmmac.org/display/router.asp?DocID=1152>.

<sup>19</sup> <http://www.lakeshorelaments.com/?p=193>.

<sup>20</sup> See Institute for Wisconsin's Future Tax Policy: <http://www.wisconsinfuture.org/taxes/index.htm>.

<sup>21</sup> <http://www.wisdc.org/pr031704.php>.

<sup>22</sup> Richard Cebula, Ph.D., and David Dodenhoff, Ph.D., “Expected Migration Impacts of the Healthy Wisconsin Program: New and Serious Challenges on the Horizon” <http://www.wpri.org/Reports/Volume22/Vol22No1/Vol22No1.html> >,” Wisconsin Policy Research Institute, January 2009 (Vol. 22 No. 1).

<sup>23</sup> A possible reference to <http://www.onewisconsinnow.org/>....among others.



# Overtaken by the Web and battered by the recession, Wisconsin's 32 dailies are in a world of hurt.

By Marc Eisen



IF YOU'RE A DEEP-POCKETED BUSINESS EXECUTIVE IN A FLOURISHING INDUSTRY, YOU GATHER AT THE RICHLY APPOINTED FLUNO CENTER ON THE UW-MADISON CAMPUS FOR YOUR DEEP-THOUGHT CONFERENCES. MORE MODEST ENTERPRISES AND NONPROFITS SEND THEIR EXECS TO THE UW'S SHOP-WORN PYLE CENTER FOR THEIR SOUL-SEARCHING. THIS, OF COURSE, WAS THE PROPER SETTING FOR A WORRIED GROUP OF NEWSPAPER EXECUTIVES ON MARCH 28, 2008.

The good news was that they weren't squirreled away in a dining room at Denny's out on the Interstate. Given the parlous state of newspaper economics, this might have made more sense. Their papers might have split the cost of the \$5.99 "Grand Slam" breakfast special.

"We're in a time of decline," Stephen Gray of the American Press Institute told the 60 or 70 people present. "It's a time of fear, depression, even despair." *Yes, fear, depression, even despair.* Nobody was shocked by Gray's words, because everybody knew they were true.

The newspaper world, Wisconsin's included, was one big car crash, with bodies strewn all over the road. Revenue was hemorrhaging like blood from a ripped artery. Readers were fleeing the scene of the accident.

Gray's pitch, based on the research of the American Press Institute's "Newspaper Next" project, was to not abandon hope. That news operations could remake their business in the next three to five years if they stopped thinking of themselves as "newspapers" but as online news and information purveyors who assiduously kept in touch with the needs of their advertisers and readers.

Newspapers should consider creating websites to serve niche communities like young mothers, prep sports enthusiasts and recreational athletes, Gray said. Newspapers needed to drill deep and determine what advertisers needed. Editors and reporters needed to recognize that news today is a two-way conversation with readers.

As benign as Gray's message seems, these were radical words for newspaper people. Dailies had long functioned as imperious quasi-monopolies for local print advertising, exacting kingly tribute from the captive advertising of Realtors, car dealers and classified clients. Many newspapers — including my own, the alternative Madison weekly *Isthmus* — prided themselves as gatekeepers deciding what important matters should be brought to the public's attention. Now, guys like me were getting their comeuppance.

Gray finished his presentation around 4 in the afternoon, leaving 30 minutes for questions and discussion, and here's where things got strange. Nobody said anything. Not a word. Not a question. Dead silence from ad directors, publishers and the odd editor. It was so quiet you could hear a lid closing on a coffin.

**So, what does the future hold for newspapers?** "Oh, nobody knows anything," Jim Baughman, chair of the UW-Madison journalism school, breezily told me nine months later. "Having studied the history of change in communications technology, I know that a lot of people put their chips on the wrong number."

There was nothing breezy about Bill Johnston's tone when he echoed Baughman's assessment. "No one can tell what the future will bring," the publisher of the *Wisconsin State Journal* said. "Who knows what the president's stimulus package is going to do? Or if money will start flowing again? There are so many unknowns out there.... I have no clue."

No, check that. Johnston does have a clue, and he's honest enough to say what everybody else in the

newspaper industry knows in their bones is true: "Revenue will certainly not return to where it was five or ten years ago.... There's no doubt about it: We aren't going to see those days again."

Of course, the real question is, how many daily newspapers will be left in five or ten years? Or two years, for that matter?

Newspapers face "catastrophic problems," as Mark Potts wrote on his "Recovering Journalist" blog. Their death "will come sooner than later," Adam Reilly predicted in *The Boston Phoenix*. David Carr, the always entertaining media columnist for *The New York Times*,

may have summed up the situation best: "Clearly, the sky is falling. The question is how many people will be left to cover it."

Just as Gutenberg's movable press broke the monopoly of monkish scribes, the web has undermined the authority of old-form media titans like newspapers. To cite just one

example, the free listings of Craigslist have all but destroyed the lucrative lock that newspapers had on paid classified advertising. Readers and businesses can now create their own customized online media worlds. The carnage has been extraordinary for newspapers.

2008 was the worst year in newspaper history. Publicly traded newspaper stocks suffered an average decline of 83%. Eight publishing companies dropped more than 90%. (And you thought the S&P 500's decline of 39% was stomach turning.) The best performing newspaper stock, *The Washington Post's*, lost 52% of its value.

Overall, an astonishing \$64.5 billion in newspaper value vaporized in 2008, as analyst Alan Mutter reported in his indispensable media blog, "Reflections of a Newsosaur." The bloodletting has ominous implications for Wisconsin's daily newspaper industry, which began 2008 with 34 general-interest daily papers and ended 2008 with 32, as *The Capital Times* in Madison and the *Superior Daily Telegram* retreated to the web and twice-weekly publication.

**Newspaper analyst John Morton worries that dailies are "diminishing their stature in the marketplace" by slashing their reporting staffs.**

# An astonishing \$64.5 billion in newspaper value vaporized in 2008.

The two biggest owners of state dailies — Gannett, which has 10 papers in Wisconsin; and Lee Enterprises, which owns or co-owns seven dailies — are among the most bloodied newspaper entities.

Gannett, the nation's largest publisher with 85 dailies, including *USA Today*, laid off about 3,000 employees in 2008. Historically, Gannett papers have been cash cows, running profit margins from 20% to a whopping 40%. But the crunch has staggered even this legendary moneymaker. Ad revenue declined 23% in the fourth quarter compared to a year earlier. Gannett's share value has plunged 90.1% over the past four years.

Lee's stock is almost worthless, having declined 98% to pennies a share over the same four-year period. Journal Communications Inc., publisher of the state's flagship daily, the *Milwaukee Journal Sentinel*, is mired in its own discombobulating stock plunge. (See the sidebar on page 34.)

Layoffs and buy-outs became rife industry-wide. One tabulation counted almost 16,000 jobs lost in the U.S. newspaper industry in 2008, at least 200 among Wisconsin papers. (I left *Isthmus* as part of the paper's retrenchment.) The cutbacks have come at exactly the same time workloads for remaining reporters and editors have kicked up with the need to expand web products.

Big surprise: News coverage is suffering.

**Veteran investigative reporter** Andy Hall attended the annual meeting of the Wisconsin Newspaper Association in late January in Green Bay. He was disturbed by what he heard.

"Wisconsin journalism is in big trouble," he told me. "Editors described with some alarm the ways in which cutbacks are decreasing their ability to monitor local governments across the state."

Hall heard editors talk about the large numbers of town, village and school boards going virtually uncovered in

smaller communities across Wisconsin. "The problem has worsened as a result of the economic troubles," he added.

The problem is even felt in Madison, where the number of reporters covering the Capitol and state issues has plummeted over the years. "We've really noticed it," said Charity Eleson, executive director of the Wisconsin Council on Children and Families.

"The challenge from our perspective is that we work on issues that are complex, and the real value of a newspaper story done by a knowledgeable reporter is that he or she can help the public really understand what's going on," Eleson explained.

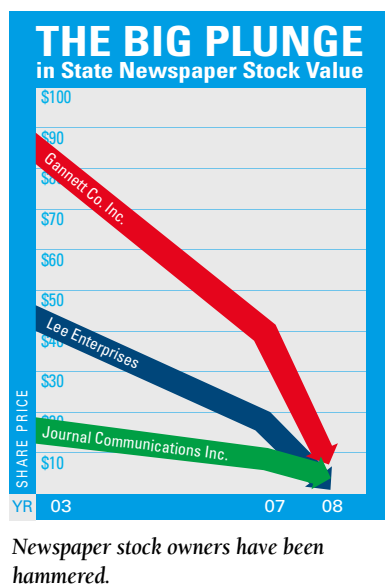
Her group has begun experimenting with videos and its own blog, "but it won't compare to a thoroughly reported investigative story," Eleson said with a sigh. "I'm 52. I'm part of the generation that grew up on newspapers. I like print. I realize newspapers have online versions, but it's not for me."

Eleson's comments illustrate one of the central dilemmas newspapers face. Their most loyal readers, invariably older, are less likely to be web creatures, while younger readers have swung decisively to the web. The Pew Research Center, for example, found in December that 59% of Americans under the age of

30 chose the Internet as their preferred choice for news; only 28% named newspapers.

Count Madison Mayor Dave Cieslewicz among those grumpy baby boomers. "What's going on is scary to a guy like me," he said. "I disagree with reporters and editors all the time, but we share a common language and a common set of rules and standards. I can call up and complain whether a story was worthy of page one or about what Dean Mosiman [the city hall reporter of *The Wisconsin State Journal*] wrote in his lead.

"But in the wild west of the Wikipedia world, where anyone can throw anything up on the web and see where it lands, you don't have that professionalism," the mayor said. "There is no editor challenging what a reporter has written. I really regret the weakening of standards."





Cieslewicz, a fine writer himself, has begun blogging on the city's website. He will probably get roasted for claiming web postings are unvetted (bloggers would argue that the back and forth of community comment is a better mechanism for ensuring accuracy than a gimlet-eyed editor). But Cieslewicz is on to something when he talks about the enduring importance of serious reporting of complicated topics.

Amateurs can't do it.

**Oh, sure, there's a case to be made** for the wisdom of crowds and the accretion of information online. But amateurs can't do serious investigative reporting any more than they can remove a gall bladder or drop a new engine in a car.

Editors and reporters know this, and it drives them wild with despair. They know that their work remains critical to their communities' wellbeing and that their original journalism is still avidly consumed online. Above all, they know that good, solid reporting remains an extraordinary asset in an online world brimming with wheat, chaff, chaos and lunacy.

But the killer is that no one seemingly wants to pay for their work. Even worse, so-called aggregator news sites run by Google and Yahoo and popular sites like Drudge and Huffington Post wind up selling ads around the links to their stories.

The result has been predictable. While most newspapers remain profitable, plummeting revenue has triggered wave after wave of staff buy-outs and layoffs, taking an undeniable toll on newspaper quality. This is a problem.



**Charity Eleson:** "I grew up on newspapers. I like print."

their brand name and their stature in the marketplace," he said. "Those are their most valuable assets — and

John Morton, the dean of newspaper industry analysts, told me that he worries that many newspapers are hurting their chances for the web by reducing their news holes and slashing their newspaper staffs.

"In effect, they're diminishing the stature of



**Madison Mayor Dave Cieslewicz** complains that journalism standards are weaker in the "wild west" of online posting

that's what they need most to move on to the Internet, which is still very much in its infancy."

If a successful business model is to be found online for newspapers, Morton warned, "what they're doing now will make it more difficult to establish."

**Not all is doom and gloom.** For all their travails, newspapers are starting to "get it" online. They've moved beyond just posting their stories (which was a struggle in itself), to shooting videos, blogging, offering interactive databases (how gutsy of the *Milwaukee Journal Sentinel* to provide searchable health-inspection records for local restaurants) and presenting mixed-media stories.

In this new media world, you now find an old-school cop reporter and feature writer like the *Wisconsin State Journal's* George Hesselberg shooting and editing a video about UW-Madison students watching President Obama's inauguration.

In Appleton, *Post-Crescent* business writer Maureen Wallenfang's "Buzz Blog" averages 689 page views per hour for her chatty items on local commerce, according to publisher Genia Lovett. On Friday nights, the paper's sports staff sends text messages reporting prep scores to high school sports fans.

The *Journal Sentinel* has encouraged its sports writers and arts reviewers to blog. "You can put your reporter right in the center of a community of interest, whether it's the Brewers, the Packers or the arts," said managing editor George Stanley.

Visual arts critic Mary Louise Schumacher uses video and photo slideshows to discuss art exhibits. On fast-breaking stories like last summer's floods, the paper taps into on-the-scene observers to round out coverage and provide details on its website, JSonline.com.

# "My worst-case scenario: All newspapers disappear," says journalism professor James Baughman.

The *Janesville Gazette* has fully embraced the multi-platform approach to news coverage. Editor Scott Angus pointed to reporter Stacy Vogel as a case in point. Vogel will cover a night meeting in Edgerton or Milton, write up a one- or two-paragraph summary for immediate posting on the paper's website, file her story for the next day's paper, and tape a 30-second summary for WCLO,

the radio station owned by the paper's parent company. Some mornings she'll be interviewed for a longer radio report put together by the paper's multimedia editor. Or she'll answer questions on talk-show host Stan Milam's morning show.

The mantra of Angus and all the other editors and publishers is virtually the same: We cover our town better than anyone else, and if our paper is going to succeed in

online revenue is "upsells" to the web added on to a print-advertising contract. It takes "a tremendous leap of faith," he says, to think these advertisers would stick with the website once the print product was shut down.

Mutter drills deep into the viewership data and is unimpressed with what he finds. "Young consumers, who represent the future of any media business, spurn newspaper websites," he writes. Site visits don't parse well either. They average only about 90 seconds a day at newspaper sites, and even worse after the conclusion of an avidly followed presidential election — about 27 seconds a day in December.

As wounded as newspapers are, Mutter concludes that the ones that still eke out a profit can't afford to make the jump to online-only publishing. That is, not until fundamental online economics change, like charging for content.

**Micropayments are the great dream** of newspapers — that avid readers will willingly pay a nickel or a dime for a story, or \$2 a month. In other words, salvation is an iTunes for pixel-stained wordsmiths.

Every few years this vision has re-emerged with almost a religious certainty as the road to prosperity. Most recently, Walter Isaacson writing in *Time* made the compelling case that newspapers have to stop giving away their best work.

Isaacson rightfully pointed out the paradox that we live in a world where kids think nothing of paying the cell phone company up to 20 cents to send a text message, "but it seems technologically and psychologically impossible to get people to pay 10 cents for a magazine, newspaper or newscast."

He remains convinced that a "pay-per-drink" model can succeed if it's simple and relatively painless to use. But skeptics don't see it happening. With iTunes, of course, subscribers are buying a song they can play over and over again, while most newspaper stories, even the Pulitzer Prize ones, are seldom read more than once.

News stories, by their very nature, have a gnat's lifespan. Who's willing to pay for something so transitory when the web offers an unending supply of free new information?

Jim Baughman, the journalism prof, makes a beguiling argument that the very cacophony of web voices may rebound to the benefit to a smartly written and edited newspaper.

FIND MORE ONLINE  
THE POST-NEWSPAPER  
ERA IS ALREADY  
TAKING SHAPE  
IN WISCONSIN  
JOURNALISM. FOR  
A REPORT ON  
NEW VOICES LIKE  
JEFF MAYERS'  
WISPOLITICS.COM  
AND ANDY HALL'S  
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FOR INVESTIGATIVE  
JOURNALISM, GO TO  
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the new online media world, it's because we provide authoritative coverage.

The problem is that online is proving a bust for newspapers. This may be the most dire news of all.

**Newspaper websites** like JSOnline and Madison.com tend to dominate their community's online action. Nationally, *The New York Times*, *USA Today* and the *Wall Street Journal* host three of the most popular news sites around. But poke beneath the surface, and there is disappointment aplenty. Newspaper websites just don't make much money.

They generated 7% of all newspaper ad revenue in 2007, according to Alan Mutter, the Newsosaur blogger (who's a Silicon Valley entrepreneur and a former newsman). This is chump change, not even close to supporting an existing newsroom. Fans of the "paperless newspaper," Mutter warns, "recklessly disregard the economic realities of the publishing business."

These realities include the fact that the vast majority of

Information overload isn't a new phenomenon in American history, he pointed out. In earlier periods of information glut, pioneering publications like *Time* magazine in the 1930s explicitly set themselves up as a guide to steer readers through the uproar of new media voices.

"*Time* wasn't a historical accident," Baughman said. "It was perfectly timed in its original mission to tell the middle class 'Here's what happened last week. Here's what you need to know.' It was a brilliant idea.

"This could be the salvation of American newspapers," Baughman ventured. Newspapers could market themselves as a source for authoritative news and analysis — as a responsible guide through the web's information funhouse.

"This is an argument that newspapers should make forcefully, even obnoxiously," he said. "That's exactly what *Time* did — it exploited the public's anxiety over the information glut."

Of course, readers were willing to pay for *Time*. Whether they would pay for any of Wisconsin's 32 dailies is another question. The *Milwaukee Journal Sentinel*, with its commendably heavy investment in investigative journalism, is operating at a quality level unmatched by any other Wisconsin daily. Yet the paper is reeling financially, having frozen staff salaries and cut its dividend.

The bitter lesson is that quality doesn't necessarily sell online. Not yet at least. Baughman acknowledged as much. "That's my rosy scenario," he said of the *Time* model. "My worst-case scenario: All newspapers disappear."

Whoa! Really?

He amended his answer to say that he expected more newspapers to cut back from daily publication to three or so editions a week as they plot an eventual move to web-only publication. Other papers will simply wither away and die.

"Daily papers as we know them today may not be around in five or ten years," Baughman said.

Of course, his first words to me were: Nobody knows anything about the future of journalism. Including me after 35 years in the business. But I have to wonder if the industry's collapse isn't even more imminent. ■

Marc Eisen, a freelance writer and editor, is the former editor of the Madison alternative-newspaper *Isthmus*.

## 2008 Wisconsin General-Interest Daily Newspapers

NEWSPAPER	COMMUNITY	CIRCULATION
Milwaukee Journal Sentinel	Milwaukee	M-F, 220,676
Kenosha News	Kenosha	M-F, 25,990
The Leader-Telegram	Eau Claire	M-F, 25,147
The Janesville Gazette	Janesville	M-S, 22,367
Beloit Daily News	Beloit	M-S, 13,792
The Freeman	Waukesha	M-S, 12,553
EagleHerald	Marinette	M-S, 10,063
Daily News	West Bend	M-F, 9,390
Watertown Daily Times	Watertown	M-S, 8,906
Daily Jefferson County-Union	Fort Atkinson	M-F, 7,869
The Daily Press*	Ashland	M-S, 6,167
Antigo Daily Journal	Antigo	M-S, 6,159
Shawano Leader	Shawano	M-F, 6,349
The Daily Telegram**	Superior	M-S, 5,569
The Monroe Times	Monroe	M-F, 4,738
The Daily News	Rhineland	Sun.-F, 3,783

\*Ended daily publication in September; now publishes online and in print on Wednesdays and Fridays.

### Lee Enterprises Dailies\*

NAME	COMMUNITY	CIRCULATION
Wisconsin State Journal	Madison	M-F, 88,094
La Crosse Tribune	La Crosse	M-F, 32,323
The Journal Times	Racine	M-F, 28,795
The Capital Times**	Madison	M-F, 17,513
Daily Citizen	Beaver Dam	M-F, 9,970
The Chippewa Herald	Chippewa Falls	M-R, 6,775
Portage Daily Register	Portage	M-S, 5,094
Baraboo News Republic	Baraboo	M-F, 4,271

\* Lee Enterprises co-owns the Madison Newspapers Inc. publishing company (which does business as Capital Newspapers Inc.) with The Capital Times Co. MNI, in turn, contracts with Lee to provide content for the State Journal and with The Capital Times Co. to provide content for the Capital Times. MNI owns the Beaver Dam, Portage and Baraboo papers.

\*\* The Capital Times ended daily publication in April to convert to a Web publication with separate free weekly news and entertainment editions.

### Gannett Dailies

NAME	COMMUNITY	CIRCULATION
Green Bay Press-Gazette	Green Bay	M-F, 55,125
The Post-Crescent	Appleton	M-F, 51,197
The Sheboygan Press	Sheboygan	M-S, 20,982
Oshkosh Northwestern	Oshkosh	M-S, 20,889
Wausau Daily Herald	Wausau	M-F, 20,838
The Reporter	Fond du Lac	M-F, 15,631
Herald Times Reporter	Manitowoc	M-S, 14,308
Stevens Point Journal	Stevens Point	M-S, 11,672
Marshfield News-Herald	Marshfield	M-F, 11,426
Daily Tribune	Wisconsin Rapids	M-F, 10,984

**Sidebar:**  
**Collapsed  
stock values  
drive reporters  
to drink...**  
**...Or to tears.**

**So there we were,** Four veteran journalists drinking beer at a downtown Madison bar, when I puckishly put the question to the *Wisconsin State Journal* reporter: What was the better investment: Spending \$4 on a New Glarus Spotted Cow beer or buying eight or so shares of Lee Enterprises' depressed stock for the same money?

I got a big round of laughs on that one. The reporter did the prudent thing: He chose the award-winning beer over investing in the cheesy stock of his paper's corporate owner. No surprise there. A lot of journalists in Madison and Milwaukee would grab the brewski, too.

The collapse in value of Lee and Journal Communications stock (see the accompanying chart) has been a bitter pill for news people. They've bought the stock envisioning it as a cushion for retirement or a big building block for paying for their kids' college.

The travails of Journal Communications stock have been especially wrenching. For 66 years, from 1937 to 2003, the company was controlled by a trust largely owned by employees and operated for their benefit.

It was marvelously successful by all accounts. Employees could borrow for most of the cost of their shares (called units) under favorable terms from Milwaukee banks, then expect to earn enough quarterly dividends to retire the loan.

It was so lucrative, the plan was known as the "velvet handcuffs." Talented reporters and editors who might have moved on to bigger papers stayed put to avoid having to cash out. Apocryphal or not, there were stories of 30- and 40-year employees retiring as millionaires when they sold their units.

"It was a house of cards, but it was our house of cards," a retiree told me with a chuckle.

The careful balance began to falter in 2003 when Journal Communications Inc., in search of new equity from Wall Street investors, became a publicly traded corporation.

"They were basically forced into that action," newspaper analyst John Morton told me. "The problem was that the amount of debt the employees had taken on had gotten up \$430 million. It was getting to the point where the company would have to increase its dividends so much that it would really hamper its ability to make acquisitions and invest in other properties.

"That's why the decision was made to go public" and raise money on Wall Street "as a way to get out of that bind," Morton said. "To that extent it has worked, but the downside is that it puts your company under the influence of Wall Street, which is usually not favorable to journalism."

The share price floated up to \$20 from an opening of \$15, and those staffers who sold did well, including several persons I was drinking with. But those who held on to the stock and rode it all the way down to less than \$2 have, in that darkly descriptive phrase, "gone underwater."

They owe more money on their loans than their stock is worth. Some of those loans are described as ranging from \$200,000 to \$300,000.

"The result has been extraordinarily perverse," a former *Journal Sentinel* staffer told me, noting how beneficial the old trust had been for employees. "Now the employees are...just getting screwed. It's just about the worst possible outcome."

**At Lee Enterprises,** the road to penury was paved by the Davenport, Iowa, newspaper company borrowing heavily to purchase the Pulitzer newspaper chain, including the *St. Louis Post-Dispatch* in January 2005 for \$1.4 billion. Lee stock was at \$44.55 then; as I write, a share costs 48 cents.



Astonishingly, Lee's market capitalization is a threadbare \$22 million for its 49 daily newspapers and more than 300 weekly and specialty publications. In 2004, before the Pulitzer purchase, the company's market value exceeded \$2 billion.

The Pulitzer acquisition has proved such an albatross that Lee was forced to write off two-thirds of the investment as an "impaired asset" in 2008. What's galling to some Lee employees left holding their company's near worthless stock is that one of the deal's architects made out like a bandit.

Records show that 11 months after the Pulitzer deal was announced, the now retired *State Journal* publisher and Lee vice president James Hopson sold 18,000 shares of Lee stock at \$38.52 a share for nearly \$700,000. Today, those same shares are worth less than \$9,000.

Hopson, in a pessimistic piece he wrote for *The American Editor* last August, tried to sort out the newspaper industry's prospects, asking the fundamental question: "Is there still a winning strategy?" The best he could come up with was a tepid "maybe."

Hopson faulted Lee — and his own bad advice — for selling off the company's TV stations and focusing on newspaper acquisitions when it should have been diversifying its holdings.

"I make no claims of infallibility as I write this," Hopson said, though some might say he was remarkably prescient to sell his Lee stock when he did.

Sounding like Tony Soprano, Hopson described newspapering "as a great racket for a long time" because of the muscle that papers had to set high advertising rates. But that era was "fast fading."

Unless outfits like Lee drastically slashed expenses and diversified their holdings, Hopson concluded, "I do not see a future for the newspaper companies."

He was playing taps, in other words, for his old company.

Lee's financial situation has only worsened since Hopson wrote his funereal piece last summer. The newspaper company dodged looming bankruptcy in February when it renegotiated a \$306 million note due in April and revised the terms on another \$1.1 billion in debt.

But Lee gained breathing room at a high price. According to analyst Alan Mutter, the company agreed to a higher interest rate and a penalty provision that

will further jack up interest rates if a high profit margin isn't maintained.

Should revenue falter, wrote Mutter, "this potentially could mean further cutbacks in staff, news hole and perhaps even the suspension of publication

on certain unprofitable days of the week."

Morton, meanwhile, argued that bankruptcy wouldn't be the end of the world. He pointed out that Lee papers still make money and are well situated in smaller communities. In a bankruptcy proceeding, Lee's managers could reorganize and renegotiate their debt "and come out of bankruptcy and go forward," Morton said.

Morton, who's 74, has been writing and consulting on the newspaper business for 38 years. I was a bit flustered to talk with this industry legend and forgot to ask him the obvious question: Would he put his money on a tall, cool New Glarus Spotted Cow or buy a fistful of Lee stock with his \$4? ■

— Marc Eisen

a tall, cool  
New Glarus  
Spotted Cow or  
a handful of  
Lee stock...



## Why conservatives like me are so... *negative!* Two words: Russ Decker.

Wisconsin is in the midst of a health-care crisis. A health-care crisis so serious, in fact, that state government needs to swoop in and seize control of the health insurance system in a way no state has done in the history of our nation.

Luckily for us, this health-care crisis apparently exists nowhere else in the country, which means nobody in any other state would even be tempted to move to Wisconsin to take advantage of the “free” health care offered by Wisconsin’s taxpayers.

Such is the logic of Senate Majority Leader Russ Decker, who has vowed to re-introduce the \$15.2 billion government-run “Healthy Wisconsin” plan this session. In responding to a recent Wisconsin Policy Research Institute report that an estimated 142,000 sick people would indeed move to our state to take advantage of free health care, Decker took a shot at WPRI, saying the institute likes to criticize ideas, but they “never come up with any suggestions.”

Clearly, WPRI has replaced late-night roadside breathalyzer tests as Decker’s primary nemesis.

It seems unlikely that Decker stays up late reading WPRI’s reports, each of which is bursting at the seams with proactive suggestions. But this is forgivable, since it probably takes him a lot of time to answer all of Chuck Chvala’s Facebook messages.

Decker’s point, however, is worth addressing, since it’s a refrain heard often in politics: “Why so negative?”

To some, merely criticizing a damaging government program without offering a commensurate remedy makes you a “nattering nabob of negativity.”

Yet for conservatives, stopping terrible new government actions is the whole point. We don’t look at government in terms of what it can do for us — we see government in terms of what it does to us.

Thus, any proactive suggestion we have to reduce governmental interference in the market and our lives would be as welcome to Decker as a lap dance from Gov Jim Doyle. So Decker can complain all he wants about WPRI not making “suggestions,” but it’s clear he’d ignore them if he got around to reading them anyway.

**One can look at improving government in two ways: urging it to do things that help us and convincing it to stop screwing up.**

As it currently stands, our state government is doing neither. In fact, if the Legislature and governor went halfway and merely stopped screwing up, we wouldn’t be staring at a \$5.7 billion deficit.

Case in point: In February, the Democrat-controlled state Senate voted on the same day to raise the state minimum wage in perpetuity, and to change the order in which banks are paid back when businesses go bankrupt, which will make it riskier for creditors to lend money.

One is left with two explanations after those votes, and neither is appealing. Either the Senate is too dumb to understand that discouraging banks from lending and forcing higher costs on businesses is a syringe full of rat poison for an already struggling economy. Or the Democrats know damn well it is, but they have to pay back the unions that make up their base. Neither scenario exactly inspires one to get out the pompoms in support of our elected officials.

Yet Russ Decker clearly thought these were good, proactive “suggestions.” Unfortunately, they are government actions that will force higher unemployment and, consequently, more budget problems, as more unemployed workers will need government services. As it turns out, doing nothing was our best bet.

Which brings us back to Healthy Wisconsin.

**We don’t look at what government can do for us — we look at what it can do to us.**

**The state has budgeted about \$28 billion in general fund** spending for the next two years, but faces a \$5.7 billion deficit.

For the sake of argument, concede the Democrats’ talking point that the economic recession is to blame for the entire shortfall. Imagine what would have happened had the state had its hands on \$30 billion of Healthy Wisconsin money

in the next two years.

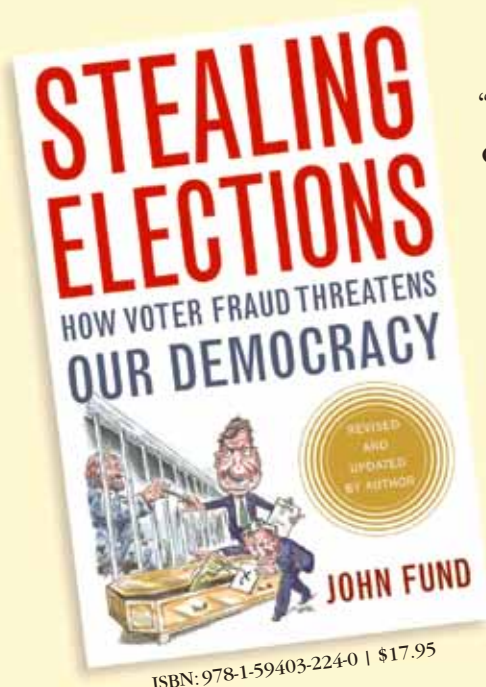
There would have been a disastrous \$6 billion deficit in the Healthy Wisconsin fund, on top of the \$5.7 billion general fund deficit. It would have been a complete catastrophe — even the Donner Party would have been saying, “Well, at least we’re not from Wisconsin.”

So we here at WPRI will sit patiently by our mailbox, waiting for a signed card from Russ Decker thanking us for arguing against Healthy Wisconsin and saving him from such a budget disaster.

Now he can get back to doing good things for the people of Wisconsin, like passing tougher penalties for drunk driving.

Oh, wait — he’s against that, too. ■

*Christian Schneider, a former legislative staffer, is a fellow at the Wisconsin Policy Research Institute. His blog can be read at [WPRI.org](http://WPRI.org).*



“You probably already agree with John Fund that our political system is in trouble—but you don’t know the half of it until you read his book. From voter fraud to election chicanery of all kinds, America teeters on the edge of scandal every November. Unless we do some of the things Fund recommends, sooner or later we’re headed for more disasters as bad or worse than what we saw in Florida in 2000.”

— Dr. Larry J. Sabato  
Director of the Center for Politics,  
University of Virginia



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