

## New Year Brings New Research from WPF

As we look ahead to our second year as the Wisconsin Policy Forum, our research offerings will include comprehensive, nonpartisan analysis of the 2019-21 state budget; an in-depth examination of the state-local fiscal relationship; a report on Milwaukee's Hispanic workforce; service sharing in the greater Racine area—and much more.

With 2018 behind us, the Wisconsin Policy Forum is gearing up for an extremely busy year of expert, nonpartisan policy research and analysis. While our full research agenda for the year ahead will be shaped in part by policy developments yet to come, we devote our first Focus of 2019 to previewing projects that are already underway or in the planning stages.

### 2019-2021 State Budget

Gov. Tony Evers (D) will submit his first budget to the Wisconsin Legislature (R) as soon as mid- to late February. We're planning to provide our in-depth analysis across a variety of media platforms so you can understand all of the major issues. Our plans are still taking shape, but we anticipate that we'll be employing a combination of the approaches used by our legacy organizations, the Public Policy Forum (PPF) and the Wisconsin Taxpayers Alliance (WISTAX), as well as some innovations.

As PPF has done in its past analyses of the City of Milwaukee, Milwaukee County, and Milwaukee Public Schools budgets (and as WPF did last year), we expect to identify the "five keys to understanding the budget" to help inform discussion of major decision points. We envision using our long- and short-form publications, *The Wisconsin Taxpayer* and *Focus*, for more nuanced and detailed

analysis and to examine new issues arising during budget deliberations. A new twist will be interactive charts and graphs released as blog posts or on social media visualizing the most telling data points developed in our analyses.

### State-Local Relationship

Our award-winning 2017 report, *On the Money? The City of Milwaukee's Uncommon Revenue Structure and How it Compares to Peer Cities*, found Milwaukee is by far more reliant on the property tax than any of its 39 peer cities with populations between 300,000 and one million. (See Figure 1.) In a follow-up to that report, we are exploring how Wisconsin as a whole compares to other states when it comes to municipal finance.

Our report—to be released in February—will provide a broad overview of municipal funding models across the 50 states as well as deeper dives into some of our Midwestern neighbors. In addition to laying out the data, we'll provide context on the characteristics that define a healthy revenue structure and explore the pros and cons of potential alternative models for Wisconsin.

### Hispanic Workforce

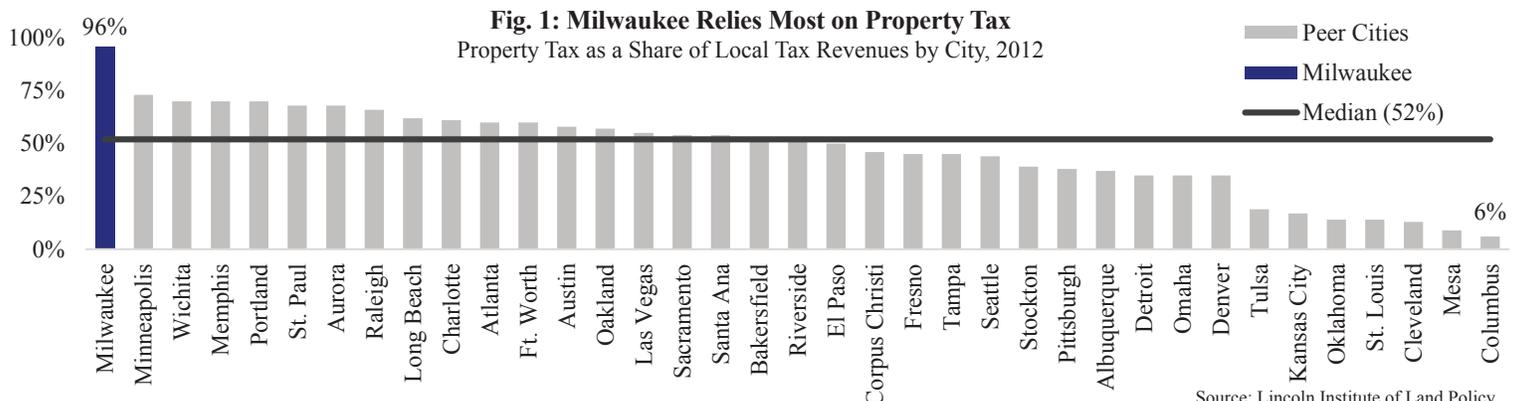
The Hispanic population in the City of Milwaukee has grown nearly 60% since 2000. Hispanics now comprise

19.1% of the city's population and 10.8% of the population in the four-county metro Milwaukee region. (See Figure 2 on page 2.) Given that rapid rise, several important workforce and economic development questions have emerged, such as whether Hispanic students are pursuing higher education or work in the region after graduating from high school, and the extent to which the college majors and career paths they are choosing align with projected workforce needs.

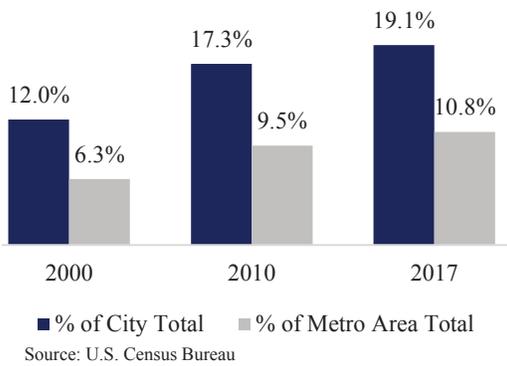
We have embarked on a project to shed light on those questions with the support and participation of the Hispanic Professionals of Greater Milwaukee. Our report—to be released in the spring—will analyze data from Milwaukee high schools, higher education institutions, the U.S. Census Bureau, and other state and federal sources to gauge educational and workforce trends, including which sectors employ Hispanics in metro Milwaukee and the extent to which the region is retaining high-achieving Hispanic students.

### Service Sharing in Greater Racine

With the impending arrival of Foxconn likely creating a substantial increase in demand for municipal services in Greater Racine, we have been engaged in a series of projects (commissioned by the Johnson Foundation at Wingspread) to assess the fiscal condition of local govern-



**Fig. 2: Hispanic Pop. Grows in Milwaukee**  
Hispanics as a Share of Pop. 2000-17



ments in the region and the prospects for municipal service sharing. In September, we released *Building Bridges: A Scan of Municipal Service Sharing Opportunities*

in *Greater Racine*. That report cited three functional areas—fire and EMS, parks and recreation, and public health—as having the greatest potential to benefit from sharing or consolidation to address the increased service demand.

We recently launched in-depth service sharing studies in those three areas, and we plan to release reports on all three by early summer. For two of the three we'll be partnering with a peer organization from Rochester, NY—the Center for Governmental Research—in what will be one of the first such partnerships of two organizations belonging to the Governmental Research Association, a nationwide organization of independent government research groups.

## A Robust 2019 Research Agenda

While we only have room here to highlight these four projects, you can count on much more in the year ahead. We're already working on the final report in our five-part series on local government infrastructure in Greater Milwaukee; an analysis of room tax collections and trends among municipal governments in Wisconsin; a series of reports on the use of tax incremental financing in Milwaukee and across the state; and an issue of *The Wisconsin Taxpayer* on the state's special education financing framework.

We hope you had a happy holiday season and we look forward to another busy year of informative policy analysis to share with our friends and supporters! □

## Wisconsin Policy Forum

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## Policy notes

■ *In light of the 2017 federal tax overhaul, Wisconsin and some other states with a state income tax could help low and middle-income families by using a child tax credit to replace existing personal exemptions for taxpayers, a November report from the Tax Policy Center found. The Tax Cuts and Jobs Act (TCJA) decreased federal individual income taxes for most low and middle-income families through the end of 2025 by increasing the standard*

*deduction, expanding the child tax credit (CTC), and eliminating personal exemptions that previously served as federal tax deductions for the filer and any qualifying dependents. The Tax Policy Center in Washington, D.C. recommends that a group of states including Wisconsin replace the current state personal exemption for taxpayers with a CTC that mirrors the changes in the federal child credit. In particular, a refundable CTC would deliver more*

*state income tax relief to low-income families than a personal exemption or nonrefundable CTC. That is because, in addition to lowering a filer's state tax liability on a dollar for dollar basis, refundable credits are actually paid by the state to filers with no tax liability. According to a Tax Policy Center estimate based on the 2017 tax year, Wisconsin would require a \$44 CTC to replace the state's current \$700 personal exemption.*