

Forum Unveils 2019 Top Five Research Findings

Continuing a year-end tradition launched by the former Public Policy Forum more than a decade ago, the Wisconsin Policy Forum is pleased to announce its top five research findings for 2019.

Selecting this year’s list was not easy—we produced 53 reports, policy briefs, and data tools this year, and we would immodestly attest that each contains important information and policy insights. Yet, there were a handful of research findings that rose to the top based on their relevance to important policy challenges and their potential impact on policymaking as we head into 2020.

So, without further ado, here are our top five in chronological order:

- 1. Special education costs are placing a strain on school district budgets.** We previewed a major issue for the upcoming state budget with our February release of [Special Education Funding in Wisconsin: How it Works and Why it Matters](#). The report found that special education costs eligible for state aid increased by 18.3% between the 2007-08 and 2017-18 school years, while the state’s primary funding source remained flat over that period. As a result, state funding of special education had fallen from 28.9% in 2007-08 to an estimated 24.5% in 2018-19 and school districts were using more than \$1 billion annually in general resources intended for all students to pay for special education costs. The state budget adopted in June did allocate more resources to special education (the state share is expected to increase to 30% in fiscal year 2021), but this issue is likely to re-emerge in future budget deliberations.
- 2. Metro Milwaukee Hispanics are grossly underrepresented in high-**

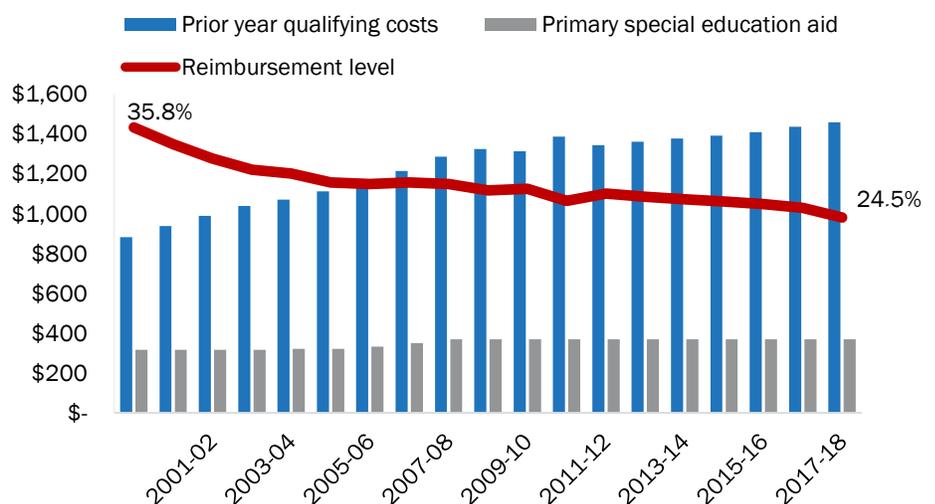
wage occupations. Our May report detailing the characteristics of Greater Milwaukee’s growing Hispanic workforce, [Upward Mobility](#), found that the number of Hispanic workers is increasing in almost every occupation in metro Milwaukee. Yet, Hispanics are not faring well when it comes to higher-wage jobs, with underrepresentation in every occupational category that pays a median annual wage of \$60,000 or higher, including several that are among the fastest-growing in the region. For example, Hispanics are employed at roughly half the rate of the general population or lower in business and finance, healthcare practitioner, education, computer and mathematical, and legal occupations. The report concluded that this circumstance is unlikely to change without intensified efforts to boost college graduation rates of Hispanic students.

- 3. Milwaukee County faces an insurmountable backlog of infrastructure repair and replacement needs.** The final installment of our

five-part series on infrastructure needs for Milwaukee’s city and county governments and metropolitan sewerage district, [Picking Up the Pieces](#), concluded in June that “the cost of appropriately maintaining much of the public infrastructure on which Greater Milwaukee’s economy and quality of life depend exceeds the financial capacity of local governments to meet it.” That conclusion was driven by our finding that for Milwaukee County alone, the backlog of capital projects could exceed \$400 million by 2023. The report suggested that county and state leaders will need to pursue new revenue sources and make difficult decisions to trim the list of projects to address the challenge.

- 4. Wisconsin’s labor force is shrinking while its demand for workers grows.** Our September report, [Wisconsin’s Workforce Challenges Intensify](#), found that after peaking in 2011 at 3.6 million, Wisconsin’s working-age population had re-

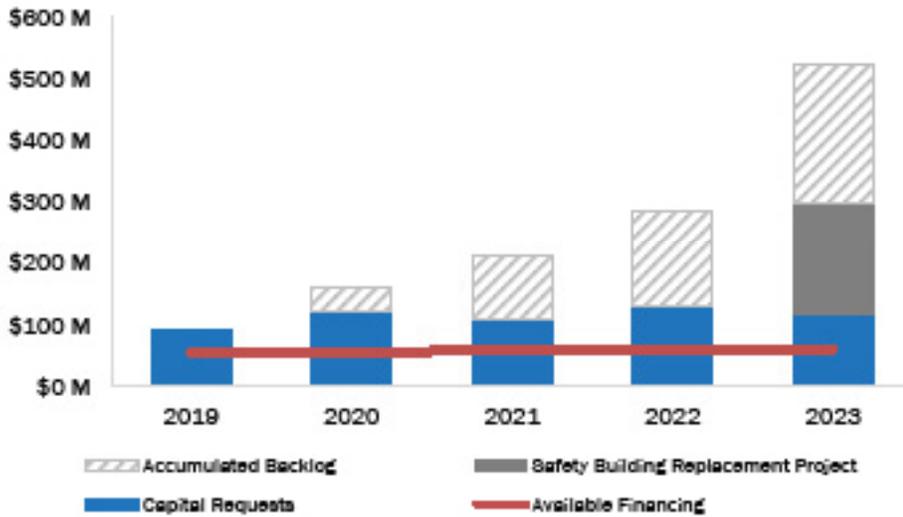
Figure 1: State Reimbursement Rate for Special Education Falls
Special Education Costs, State Aid, and Reimbursement Level, 2000-01 to 2018-19



Sources: Legislative Fiscal Bureau, Department of Public Instruction

Figure 2: Milwaukee County Capital Backlog Accumulates

Milwaukee County capital requests vs. capital finance capacity, 2019-2023 (in millions)



Source: Milwaukee County 2019 capital budget

omit several important ones. In 2019, that list of omissions includes findings related to Wisconsin’s unusual mix of municipal revenues, its growing use of tax increment financing, its escalating number of low-income families who are unable to access affordable child care, and its alarming K-12 education achievement gap for English Learners.

We also left off the list several important findings related to southeast Wisconsin, including staggering retiree health care liabilities for certain governments and school districts in Milwaukee and Racine counties as well as promising shared services opportunities in Greater Racine and southern Milwaukee County. Those interested in reviewing these and other research findings can access the Forum’s full portfolio of research publications on our [website](#).

We’re proud of our research output and grateful for your support during our second year as the newly merged Wisconsin Policy Forum. We are already hard at work on several important research projects for 2020, including more groundbreaking reports and innovative digital offerings. We’ll highlight some of our plans in our upcoming fourth quarter newsletter. Happy holidays and see you next year!

ceded by over 35,000 (or 1%) by 2017. Making matters worse, Wisconsin’s population of youth under the age of 18 also had decreased by over 45,000 (3.4%) since 2011. At the same time, state projections anticipate total jobs will increase by 210,178 (6.8%) between 2016 and 2026, and many more job openings will be created as baby boomers continue to retire. We suggested that policymakers and employers consider a range of solutions, including creating more flexible forms of employment for teens and seniors and reducing barriers to employment posed by criminal records.

two years by more than \$800 million to pay for priorities like income tax cuts and increased school aids. That means reserve levels are likely to drop sharply unless tax collections exceed expectations or costs come in below budget.

Because we limit our list to the top five findings, we are forced to

Figure 3: Wisconsin Reserves Rise to Highest Level in Decades

General Fund and Rainy Day Fund Balances in \$2019 in Millions (Fiscal 1999-2019)



Sources: Wisconsin Annual Fiscal Reports, Legislative Fiscal Bureau

5. Good news on Wisconsin’s budget reserves comes with caveats. Our analysis of the state’s annual fiscal report produced the encouraging finding that Wisconsin’s combined general and rainy day fund balances had reached their highest level since 1978. The October report, *With Tax Growth Strong, State Reserves Highest in Decades*, cited a total reserve balance of \$1.74 billion at the end of fiscal year 2019, or a little under 10% of general purpose expenditures. That good news was tempered by a few provisos, however. The most important was that the 2019-2021 state budget and related legislation are projected to lower the general fund balance over the next