



We Can Be Stronger Together

Jerry Deschane, Executive Director, League of Wisconsin Municipalities

The state of Wisconsin and local governments are connected at the proverbial hip. It's absurd to think that the state could perform the functions that local governments fulfill, and it's equally unlikely to assume that locals could staff up and manage everything state government does. Despite tensions, most of them related to money, we need each other. When it works, it works well. When it doesn't work, Wisconsin citizens suffer.

Working together, Wisconsin has established an enviable quality of life. Wisconsin's public schools have a long-held national reputation among the best in the country. While unseen and seldom discussed, Wisconsin residents enjoy some of the highest-quality drinking water in the world, coupled with sanitary systems that work so well most of us forget they even exist. We have the most miles of paved roadways in the country, inspired years ago by a dairy industry that needed reliable access to markets and sustained by a state-local partnership to fund road construction and maintenance.

Our university system is driven by a philosophy that has come to be called, The Wisconsin Idea. This is the notion that higher education should benefit people's lives beyond the boundaries of the classroom. Ideas conceived in Madison, Platteville, or Whitewater make their way to Mosinee, Park Falls, and Milton. The University of Wisconsin has been the home to many inventions, including the nation's first workers' compensation and unemployment compensation insurance programs, and the first income tax (more on that in a moment).

The state-local partnership continues to show itself in very visible places, including Lambeau Field, American Family Field, and the Fiserv Forum. Each of these professional sporting venues are counted among the best in the country. And each would not have happened without the political and financial support of both the state and local governments.

Local government, that government that is closest to and most trusted by the people, is where the majority of public-government interaction is going to happen. Police officers, EMTs, public works experts, building inspectors, and librarians are just a few of the local people who provide essential daily service to their local friends and neighbors. State government is the logical place for the development and dissemination of

complex codes and regulations. And then there's the role of money.

At the beginning of Wisconsin's history, most taxes were raised and spent locally. Although local governments were the creation of the state (cities and villages are implied in the state constitution, but not specifically called for), until the advent of the income tax, the state's finances were pretty meager. In fact, according to a history of local government written for the Centennial Celebration of the League of Wisconsin Municipalities in 1989, some local officials speculated whether there was a need for state government at all, since it seemed the federal government would secure the common defense and locals would take care of everything else.

It All Changed

Everything changed when the state became the central money collector and redistributor. With the advent of the income tax in 1911 and expanded by the sales tax in 1962, the state's role in government became dominant. The Revised Golden Rule (the one who has the gold makes the rules) took over.

Today, most state and local tax dollars are still spent locally. Led by school aids, but including shared revenue and general transportation aids, a substantial amount of state spending is in fact spent at the local level. But the dollars come with strings attached. The state determines how much each local unit of government may receive, and provides rules, regulations, and forms dictating how it may be spent.

In fairness, there are good reasons why the state and local partnership has evolved in this way. Courts decreed long ago that the responsibility to provide children with an education is a state responsibility, and although it is implemented locally, the state has a constitutional responsibility to equalize the financial capacity of rich and poor school districts. School aids are doled out in a complex formula that does a reasonably good job providing the children living in poor areas with an education that is comparable to their wealthier neighbors.

The Shared Revenue program used to provide a similar balancing effect for local government services. Shortly after the income tax was implemented, a problem appeared. Government leaders realized that communities that were home

to high-earning households were receiving more money from the income tax than was needed to provide municipal services, while poorer communities deteriorated. To address this imbalance, the original Return to Origin means of distributing the income tax was replaced in the 1970s with an income-and-population-based formula that worked well. Worked, that is, until the Legislature froze the formula shortly after the turn of the millennium. The current here's-what-you-got-last-year formula is nothing like the system of balancing local needs and capacities that gave rural and urban poor communities an opportunity to compete. Only now, both wealthy AND disadvantaged communities in both rural and urban Wisconsin are suffering.

It is unlikely to think this compulsory partnership will go away or change dramatically. A review of other states reveals no place where local governments have true Home Rule, including the power to raise their own funds or write their own regulations without state interference. For years, Wisconsin lawmakers have based their election campaigns on promises of strict oversight of local government, either in the form of property tax limits or operational mandates. Promising to keep property taxes low and schools well-funded are both tried-and-true campaign messages.

Unfortunately, when either promise is imposed without an eye to their cost, problems are inevitable. Four years ago, a coalition of local governments and private business rang the alarm bell on the deterioration of Wisconsin's road network assets. The Legislature responded, increasing local road aids over two biennial budgets.

Impact of Wisconsin's Broken System

We continue to ring the alarm. The system of funding local government is broken, and the impacts of that are starting to become visible. Following decades of stagnant or declining state support and state-imposed limits on local levies, police, fire, and EMS services are at, and in some places beyond, the breaking point. Increasing 911 calls in an environment of declining revenues is a formula for disaster. In some places, those calls are not being answered. The situation is quickly

becoming dire. First responders are not the only local services in jeopardy.

The early 21st century is a time of competition for workers. In the 20th century, workers were plentiful, and communities competed to bring in industry. Today, the competition is for workers, and the deciding factor is quality of life. It's clean and safe neighborhoods, parks and rec programs, festivals and community events, splash pads and pools, and so much more. Quality of life cannot be created by the Legislature; it is driven by local governments. Citizen-led government, deciding where and when to invest in business parks, libraries, and attractive downtowns is the engine of quality of life. Without the resources to sustain such improvements, Wisconsin loses its national attractiveness. We lose the competition. Decline will accelerate.

Our shared history demonstrates that when the state and local governments collaborate, Wisconsin leads the nation. The state's unique governmental, industrial, creative (this is the maker state), educational, and environmental resources are all natural advantages in the national competition for success. Wisconsin has the raw material, the government services, and the human capital to eclipse most other states. But the state legislature cannot win that race on its own. Nor can the City of Milwaukee or the Village of Big Falls. State and local governments are joined at the hip and by working together we can create a powerful new future for our citizens.

About the Author:

Jerry Deschane is the Executive Director of the League of Wisconsin Municipalities. Working with the League board and staff, Jerry is responsible for engaging appointed and elected city and village officials in the state legislative process and for motivating state policymakers to support vibrant Wisconsin communities. He is the fifth League Executive Director since the organization was founded in 1898. Deschane is a longtime lobbyist and association executive. He also has experience in state government and the news media. Contact Jerry at jdeschane@lwm-info.org

**Join us for the League's Summer Chief Executives Workshop on August 18 & 19, 2022
(Aug. 17 Early arrival reception) at the Brookfield Conference Center!**

Workshops include:

- "Revisiting the State-Local Partnership"
- "Advocating for Municipalities – Tips From Our Legislative Champions"

Details and registration under the Conference Tab on the League's website: <https://lwm-info.org/>