

Executive Summary

Wisconsin has a strong system of state and local governments. Virtually everyone in the state appreciates the high level of service they receive. But virtually everyone agrees that the taxes to pay for these services are too high and must come down.

Wisconsin also has a long tradition of delivering these services through a close partnership between the state and local governments. There's no way to keep the level of service high or to bring taxes down without first reforming the state-local partnership. The state returns nearly two-thirds of the revenue it raises to local governments to fund services. It's an historic and deeply rooted partnership, but in recent years that partnership has foundered on serious and growing tensions.

Some of the tension in the system comes from the inescapable need to produce more and better service without raising taxes. Some of it comes from strains that flow from programmatic changes, including the state government's decision to fund two-thirds of the cost of local schools. Some of it has come from a steady slide in the communication among public officials at all levels. Fiscal pressures and deep distrust have frayed the partnership almost to the breaking point.

To solve these tough problems, Governor Tommy Thompson in April 2000 launched the Governor's Blue-Ribbon Commission on State-Local Partnerships for the 21st Century. His charge to the Commission was to think boldly and creatively, to conduct nothing less than a mini-constitutional convention, and to craft solutions that would launch Wisconsin's governments effectively into the 21st century.

Over the last nine months, the Commission has held fifteen meetings, seven Town Meetings throughout the state, countless discussions with citizens and government officials, and electronic forums on the Internet. It has carefully examined the principal issues in the state-local partnership. In the pages that follow, the Commission lays out its recommendations for how best to structure the 21st century state-local partnership.

In making its recommendations, the Commission recognizes that it faced a huge challenge in a very short time. The Commission has faced large expectations to produce detailed solutions to very difficult problems. The Commission's recommendations, we believe, will go a very long way toward restructuring the state-local partnership.

In the long run, however, the most important elements of the Commission's work consist of two things:

- *Providing a road map for the future.* Trying to resolve these issues by digging into detail is a prescription for failure. Not in nine months—or in ninety months—could any group of people hope to write prescriptions to cure the ailments plaguing the state-local partnership. The Commission seeks to draw the map, not outline the itinerary. The success of the Lewis and Clark expedition hinged not on the explorers' plotting each step but on focusing laser-like on their ultimate goal.
- *Starting the work with the Commission's finish.* Some observers looked on the Commission's work as the beginning—and end—of the process. The Commission believes that the real work begins as it submits its report. Indeed, its work will never end. All good partnerships require constant nurturing. Wisconsin's state and local governments need to get into the habit of continuously improving the partnerships on which the state's citizens depend.

In framing its recommendations, the Commission did not sit in solitude to devise solutions. The Commission's recommendations are built on solutions already tested and proven in Wisconsin. We have identified what already works—and how to spread these best practices throughout the state. In short,

The Commission calls for common-sense solutions built on proven results. The Commission calls for pursuing these solutions through collaborative partnerships among state and local governments. The Commission calls for making citizens the center of government's work.

To pursue this goal, the Commission concludes that Wisconsin's state and local governments ought to dedicate themselves to four principles:

1. *Economic growth.* Wisconsin's citizens deserve a high quality of life. The state's children deserve a bright and promising future that builds on high-quality jobs of the future. Too often, competition among communities hinders Wisconsin's ability to achieve this future. Wisconsin's state-local partnership must be strengthened to create strong incentives for governments to collaborate with each other toward our shared future.
2. *Citizens at the center.* Wisconsin's citizens deserve service that doesn't stop at governmental boundaries. Citizens shouldn't have to pay for more government than they need because services overlap. They shouldn't slip through the cracks between programs. Citizens' needs, not governmental boundaries, ought to drive public services. Wisconsin's state-local partnership must be strengthened by putting citizens at the center of everything government does.

3. *Performance-driven government.* Wisconsin's citizens deserve efficient, effective government. Too often, battles over inputs and formulas get in the way of producing outcomes and performance. The system should focus on results, not formulas. Wisconsin's state-local partnership must ensure that an obsession for high performance drives the system.
4. *Maximum local flexibility in pursuing statewide goals.* Wisconsin's citizens deserve public programs that meet their needs. Throughout its work, the Commission heard one refrain above all others: "One size doesn't fit all." Wisconsin residents have ambitious goals for state policy—but they rely heavily on local governments to bring these goals to life. Wisconsin's state-local partnership must ensure that local governments have maximum flexibility in pursuing statewide goals.

How should Wisconsin pursue these principles? To accomplish its work, the Commission lays out a three-part strategy:

- *Badger Basics.* The Commission has identified a set of basic services—education, municipal, transportation, justice services, and human services—that it believes Wisconsin residents should receive. These services should define the relationship between state and local governments in funding and delivering those services.
- *Economic development.* The Commission believes that Wisconsin needs a strong state-local partnership to grow the state's economy for the 21st century. That is the foundation of the state's long-term success and of the quality of life of its next generations. The Commission recommends an innovative and aggressive strategy to focus the state-local partnership on producing quality jobs for Wisconsin's citizens.
- *Renew Wisconsin.* The Commission has concluded that the state-local system needs a thorough top-to-bottom performance scrub. This performance review should be driven by citizens and those who understand the system best. The Commission views this process of engaging citizens, around the state, not only as a major investment in civic capital. It is also a process to improve the productivity of the state-local system and yield substantial cost savings.

To pursue this strategy, the Commission most notably recommends:

- Creating a cradle-to-grave "Badger Basics" educational system that prepares Wisconsin's students for 21st century jobs. This system should better integrate pre-kindergarten programs, technical colleges, the university system, and supporting human service programs with the K-12 system. It should also promote site-based management of schools.

- Transforming the municipal shared revenue program into a program that equalizes communities' ability to provide a "Badger Basics" package of services. In addition, the per capita portion of the shared revenue program should be transformed to give municipalities strong incentives to work collaboratively in providing public services—and to share in the economic growth that their collaboration produces.
- Defining statewide "Badger Basics" goals for human and justice services programs. The state ought to fund the statewide goals. It ought to give those who manage the programs—typically the counties—great flexibility in determining how best to do so and it ought to hold them accountable through performance contracts.
- Bringing e-government into all parts of Wisconsin's state-local partnership. Reengineering governmental practices and incorporating cutting-edge Internet strategies will make government more responsive to citizens and more efficient for taxpayers.

Throughout the country, government leaders have recognized the central importance that state-local partnerships must play in providing a high quality of life for their citizens. It's tempting to try to redraw governmental boundaries or, perhaps, abolish an entire level of government. However, the Commission concluded, that's a 19th century answer to 21st century problems. The problems of the information age do not need new boundaries. Rather, they need innovative strategies to create seamless government for Wisconsin's citizens.

In the course of its discussions, the Commission has been quite clear that it would not recommend putting more money into the state-local system. The Commission has been concerned that Wisconsin's taxpayers already pay some of the nation's highest taxes and the members of the Commission have no desire to increase that burden. On the other hand, the Commission never heard any testimony about public programs that ought to be abolished or governmental services that ought to be scaled back. It is important to underline that the Commission does not seek to resolve the tensions in the state-local partnership by spending more money.

That leaves only two alternatives: making government far more productive; and growing the economy. The Commission believes that Wisconsin ought aggressively to pursue both of these strategies through a stronger state-local partnership. That, in the end, is the foundation for a better quality of life for Wisconsin's citizens, now and in the future.

The Commission's charge was to be bold and innovative. The recommendations that follow will make Wisconsin the unquestioned national leader in building a government for the future. The Commission believes that it is important to adopt and implement these recommendations as a package; each element supports the others.

However, the Commissioners also recognize that at the bottom of the state-local partnership is an eternal dilemma. Wisconsin has long committed itself to a complex state-local partnership in which the state raises much of the money and local governments administer the programs. Wisconsin is also deeply committed to the idea of equalization, in which the state seeks to ensure that how rich a community is does not determine the quality of basic services that citizens receive. On the other hand, since pioneer days Wisconsin citizens have valued local self-government and autonomy. The Commission heard repeatedly how much those in small towns value the right to gather in fire halls to debate local programs.

That frames the dilemma: pursuing equalization inevitably brings a state voice in local affairs; promoting local autonomy inevitably reduces equalization. One of the Commission's most important conclusions has been to avoid trying to fix what can't—and shouldn't—be fixed. Much of the recent tension in the state-local partnership has revolved around this dilemma. It can't be solved without undermining Wisconsin's historic principles. However, the tensions can be greatly reduced by seeking a better balance between these principles; by reinventing governmental programs and processes to promote stronger partnerships; and by putting government performance for the sake of citizens—not budget battles over formulas—at the center of everything Wisconsin's governments do.

That, in turn, is why the Commission's strongest finding is that the real work begins, not ends, with the issuance of its report. The Commission has crafted a road map for strong, effective 21st century governance. From here, success—and the quality of life for Wisconsin's citizens—depends on how energetically Wisconsin's state and local partners follow it.