

Policy at the state level

The locus of innovative policymaking appears to be shifting. No longer can states expect the federal government to provide solutions to their problems. Reductions or slowed growth in federal spending and a lack of new programs at the federal level since 1981 mean that once again states have the opportunities and responsibilities to control—to some extent—their own destinies.

Wisconsin is among those states which have risen to the challenges of this new federalism. With one foot in the rustbelt and the other in the lagging farm economy, Wisconsin faces many problems shared by other states. *State Policy Choices: The Wisconsin Experience* deals with the decisions that have been made and those that must be made on the state level to address many of these problems: to balance expenditures and revenues; to cope with continued slow growth; to expand economic development; to distribute resources to the needy, minorities, and children; to contain medical costs; to reduce the financial stress on farmers; and to effectively exploit available natural resources.

The book was produced under the auspices of the Robert M. La Follette Institute of Public Affairs of the University of Wisconsin–Madison. The chapters are written by experts in a variety of fields, most of whom are affiliated with the university. They compare Wisconsin's policy choices with those of other states, assess the effectiveness of what has been done, and in many instances propose innovative solutions to common dilemmas.

In some respects Wisconsin can serve as a model for other states. The budget process, the first step in making policy, has evolved into a highly effective procedure, and the state, which was one of the pioneers in designing the income tax, in 1985 produced a tax reform that received high marks for simplicity, a broad base, equity, and economic efficiency.

The poor in Wisconsin fare better than they do in most other—richer—states. But although government programs have been very successful in moving the elderly out of poverty, they have been less successful in helping single mothers with children. Policy recommendations for this group include incentives for poor women to combine work with welfare; increased support services for women who participate in job training programs; and a child support assurance system.

The child support system, described in previous issues of *Focus*,¹ assures that children will receive financial contributions from their absent parents or, failing that, from the state. The system—now being employed on a demonstration basis—is expected both to reduce welfare costs and to improve the lives of poor children living with one parent.

With the exception of those in homes maintained by single mothers, Wisconsin children are holding their own in such areas as school performance and completion and youth employment, though the increase in pregnancies among teenagers is alarming here as elsewhere.

Wisconsin's Indians, having been buffeted by a hundred years of policy reversals, Supreme Court decisions, federal legislation, and varying amounts of tribal government activism, are the subject of specific scrutiny. They are much more likely to be poor than the state's white population. Because a substantial proportion of poor Indian households in the state consist of single mothers and their children, programs to aid this group will also improve the circumstances of Indians. But policies are also needed to retain Indian youth in the school system, to train them for jobs, and to provide them with health care and job opportunities.

For some problems, arising as they do from change on a national or international scale, the state is limited to making the best use of the resources at its disposal. This is the case for economic growth.

State Policy Choices: The Wisconsin Experience

edited by

Sheldon Danziger and John F. Witte

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Wisconsin was one of twenty states engaging in strategic planning in the early 1980s to strengthen their economic base. The Wisconsin Strategic Development Commission produced many recommendations, including reducing the taxes most onerous to business and making greater use of the university system to transfer technology to business and to

develop basic products. But the effort lacked coherence and vision. A proposal is therefore made to target development policy to mature manufacturing industries, to small firms—which generate most of the new jobs—to new industries such as biotechnology, which already has a foothold in the state, and to vulnerable geographical areas. Careful planning will reduce the probability that the state's resources for economic development will be dissipated.

No silver bullet is provided, either, for the problems facing farmers. Wisconsin has a higher percentage of family farms than the nation as a whole, and they are threatened by economies of scale which render them comparatively inefficient. Dairy farmers are jeopardized as well by cuts in dairy price supports. And the movement toward fewer and larger farms is going to have repercussions in rural communities, where costs of services to remaining residents will go up or the services will deteriorate.

Wisconsin agriculture will have to continue to change to conform with changes in technology, changing tastes in food and fiber, and shifts in agricultural policy. Suggestions to improve the position of Wisconsin agriculture include monitoring conditions in other states to ascertain that Wisconsin farmers are not penalized by state actions, such as heavy property taxes; providing support to projects to develop new products and markets; aggressively seeking federal legislation that will permit the state to exploit its natural advantages; and enhancing support of applied research, technology, and management practices to enable small farmers to compete with larger operations.

Efforts to increase economic development are bound to conflict with some environmental policies. And yet the environment is also of economic importance to the state, both to attract tourists and to enhance the well-being of its citizens. Policies are recommended in this area to replace adversarial posturing with a willingness to achieve continued economic development consistent with a safe and healthy environment. Some resources, such as forestry, mining, and tourism, are underutilized and offer the possibility for increased income and employment in the state. ■

¹See, for example, "The Evolution of Child Support Policy," *Focus* 11:1 (Spring 1988); and "Child Support Assurance System: An Update," *Focus* 10:3 (Fall 1987).