

FAIR - AND - ADEQUATE

close tax loopholes

protect public structures

control property taxes

September 2008

The Institute for Wisconsin's Future newsletter on tax policy

TAX NEWS Headlines:

MPS explores dissolving school district due to money pressure

Dane County DA's office too understaffed to charge rape suspect

5% cut in Madison budget could cause serious service loss in 2009

RAND Corporation predicts next big scandal in corporate America

Milwaukee explores dissolving school district due to money pressure

The bombshell headline in *Milwaukee Journal Sentinel* triggered statewide shock: "MPS to explore dissolving district." Would Milwaukee Public Schools (MPS) close? The MPS Board voted to examine what it would mean to dissolve the district following a gloomy assessment from Superintendent Bill Andrekopoulos, who said that "the state finance system to fund MPS is broken" and that the district might be bankrupt in two years.

Turns out, dissolving the district to solve the MPS' financial crisis is impossible under current law (because Milwaukee is a "First Class City"), although rural districts in northern Wisconsin have looked at the same option. The desperate situation facing MPS results from demands for better student achievement, a tightening money vise and the impossibility of large property tax increases. Hundreds of other Wisconsin schools districts are dealing with similar crises—especially in communities where poverty is prevalent, many students have physical, cognitive or emotional disabilities and schools must meet a wider range of children's needs .

The cost of schooling is rising faster than state support for education while homeowners are unable to afford higher property taxes. The call for school funding reforms is growing stronger as more and more districts face the end of the financial line with nothing left to cut back.

For more information on the statewide crisis, see the Wisconsin Alliance for Excellent Schools website.

www.excellentschools.org



MPS Superintendent Andrekopoulos and Mayor Tom Barrett in an MPS classroom

Dane County DA's office too understaffed to charge rape suspect

A rape suspect remained free for more than a year while a Madison police report sat unread in the Dane County District Attorney's Office. The delay in prosecuting the suspect, with the loss of potential evidence and fading memories of witnesses, puts the spotlight on how the Dane County district attorney's office manages its case file. But prosecutors say the case highlights a more fundamental problem: District attorneys' offices around the state are woefully understaffed, they say, and lawmakers and others seem deaf to their pleas for help. "My job is to make sure people don't die, don't get hurt and don't get raped," Assistant District Attorney Robert Kaiser said. "At some point something really bad is going to happen because there aren't enough of us here, and no one cares."

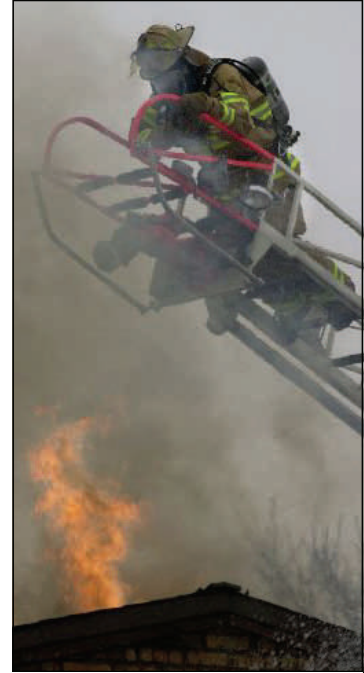
For more details, see <http://www.madison.com/wsj/home/local/305827>

5% cut in Madison budget could cause serious service loss in 2009

Police, streets, parks and other Madison agencies are offering grim scenarios of service cuts and layoffs to avert a major property tax increase for next year.

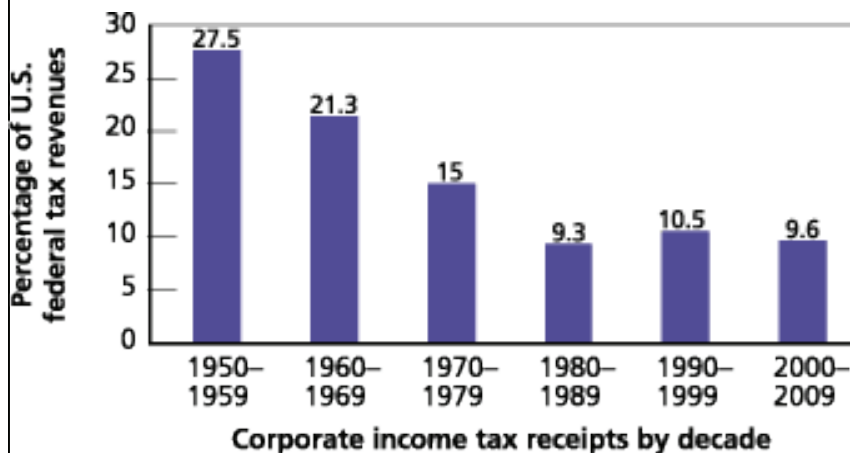
- ◆ This could include eliminating 26 police officers and dropping the school crossing guard program.
- ◆ Cuts in the budget could mean laying off 18 firefighters, cutting six firefighter positions for operating a new ambulance, delaying a recruit class and not opening a west side station.
- ◆ Metro transit fares would rise from \$1.50 to \$2.00.
- ◆ There would be no snow removal on side streets until there was four inches of snow and large item garbage removal would take two weeks.
- ◆ Park maintenance would be reduced, lifeguard services scaled back and small skating rinks closed.
- ◆ Money for social service agencies and child-care tuition would be cut by almost \$300,000.
- ◆ The Monroe Street library would close and hours cut from the downtown and other branches.

<http://www.madison.com/wsj/topstories/301831>



RAND Corporation predicts next big scandal in corporate America

In the Last Half Century, Corporate Income Taxes Have Fallen Sharply as a Percentage of Total U.S. Federal Tax Revenues



SOURCE: *The Decline of Corporate Income Tax Revenues*, Washington, D.C.: [Center on Budget and Policy Priorities](#).

Although the businesses are usually surprised, most scandals involving corporate ethics are predictable. Before the scandal breaks, practices that are widespread are assumed to be ethical. A change in economic circumstances triggers new scrutiny of business practices, and then — *voila* — a scandal. This was the sequence for Enron, WorldCom, and Tyco, and it's playing out now in the subprime lending collapse. Where is it likely to surface next?

Signs point to corporate income tax avoidance.

<http://www.rand.org/publications/randreview/issues/summer2008/horizon02.html>