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# Milwaukee Metropolitcs

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PRELIMINARY DRAFT REPORT

**Milwaukee Metropolitcs:  
A Regional Agenda for  
Community and Stability**

Myron Orfield

A Report to the Center on Wisconsin Strategy

University of Wisconsin - Madison

May 1998

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Lisa Bigaouette, Mary Charpentier, Scott Laursen, and Andrea Swansby of MAP made the maps and assisted in the production of the report. Myron Orfield is the Director of MAP.

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## I. Overview

There is a dangerous social and economic polarization occurring in the Milwaukee metropolitan region.<sup>1</sup> First, poverty and social and economic need has concentrated and is deepening in central-city neighborhoods, in older, inner suburbs, and in some outlying, satellite communities. This concentration destabilizes schools and neighborhoods, is associated with increases in crime, and results in the flight of middle-class families and businesses. ***Ironically, as social needs accelerate in the central cities, inner suburbs, and outlying communities, the property tax base supporting local services erodes.*** Second, in a related pattern, growing middle-income communities, dominated by smaller homes and apartments, are beginning to experience increases in their poverty and crime rates, and could well become tomorrow's troubled suburban places, particularly those which are located in low tax-base areas. Third, upper-income residentially exclusive suburban places are capturing the largest share of regional infrastructure spending, economic growth, and jobs. As the property tax base expands in high property-wealth areas and their housing markets remain exclusive, these areas, such as the affluent suburbs north and west of the central city, become both socially and politically isolated from regional responsibilities.

Overlaying this socioeconomic polarization is an environmental nightmare. As the wave of socioeconomic decline rolls outward from the central cities and older, inner ring suburbs tides of middle-class homeowners sweep into fringe communities. Growing communities, facing tremendous service and infrastructure needs offer development incentives and zone in ways that allow them to capture the most tax base.<sup>2</sup> In so doing, they lock the region into low-density development patterns that are fiscally irresponsible, foster automobile dependency, contaminate groundwater, and needlessly destroy tens of thousands of acres of forest and farmland.

These disturbing trends, however, are not unique to the Milwaukee region. Similar patterns of socioeconomic polarization were first depicted in a series of geographic information system (GIS) maps of the Twin Cities region in 1993—much like the maps presented throughout this report. The delineation of these patterns helped create a metro-majority, political coalition between the central cities—which comprise one-third of the region's population—and the inner and low tax-base, developing suburbs—which comprise another third. By supporting and helping to pass in the 1993-98 sessions significant legislation involving regional tax-base sharing, fair housing, transportation/transit reform, brownfields<sup>3</sup> clean-up, land-use planning, and a stronger metropolitan council, these subregions signaled their strong and growing support of a regional reform agenda.

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<sup>1</sup> Defined in this study as the Milwaukee-Racine Consolidated Metropolitan Statistical Area (CMSA) and the Kenosha Primary Metropolitan Statistical Area (PMSA): Milwaukee, Ozaukee, Washington, Waukesha, Racine, and Kenosha Counties.

<sup>2</sup> D. Winsor, *Fiscal Zoning in Suburban Communities* (1979); B. Rolleston, "Determinants of Restrictive Suburban Zoning: An Empirical Analysis," *Journal of Urban Economics* 21 (1987): 1-21; M. Wasylenko, "Evidence of Fiscal Differentials and Intrametropolitan Firm Relocation," *Land Economics* 56 (1980): 339-56.

<sup>3</sup> Contaminated industrial or commercial sites that have been abandoned, are idle, or under-used, and could be redeveloped and recycled.

Since those first maps were produced of the Twin Cities area, similar studies have been conducted of at least fourteen other U.S. metropolitan areas: Chicago, Portland (Oregon), Philadelphia, Pittsburgh, Seattle, Baltimore, Gary, Cleveland, South Florida, San Francisco, Atlanta, Los Angeles, Grand Rapids, and Detroit. Although each of these regions is unique in its own way, the same patterns of regional disparity were revealed in each place: 1) poverty is concentrating in the very places with the fewest resources for dealing with the social affects of concentrated poverty—central city neighborhoods, older suburbs, and satellite cities; 2) growing, low tax-base, middle-income communities are developing too quickly to accumulate the resources necessary to address their high service and infrastructure needs; 3) high tax-base communities with the least social needs are capturing the largest share of regional infrastructure spending and job growth but are the least accessible to middle- and working-class people of the region. Most importantly, these studies have clearly shown that the suburbs are not a monolith with common needs and experiences and that coalitions can be forged between previously thought unlikely partners: elected officials of central cities and inner, older suburbs, and low tax-base, developing suburbs.

And such coalitions are being made. In many of the regions mentioned above, representatives from inner, older suburbs, are allying with representatives from central cities and low tax-base, developing suburbs to promote a regional agenda that addresses issues of social and economic polarization, abandonment of the central city, and urban sprawl. Similarly, social-equity groups representing the poor living in older communities and environmental groups wishing to protect land and water from development pressures, as well as those fighting to improve urban environments, are beginning to coalesce around this regional agenda.<sup>4</sup> Increasingly, these groups sense a common connection in their individual struggles for social justice and environmental preservation. As they develop a common language and agenda, the potential for broad-based, regional action increases.

This report, “Milwaukee Metropolitics”, presents social and economic data for the central city of the region, Milwaukee, and the suburban jurisdictions that surround the city, including Racine and Kenosha. The purpose of the maps and this report is to identify and document social and economic polarization in the Milwaukee region and to show residents and elected officials what is happening in their communities in order to build metro-majority coalitions to enact regional reform.<sup>5</sup>

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<sup>4</sup> In the Twin Cities this effort is led by the Alliance for Metropolitan Stability, in the Portland region the Coalition for a Livable Future has been founded, and in Seattle, the Coalition for a Livable Washington. The MacArthur Foundation in Chicago is working with churches, the business community, regional, and environmental groups to establish a similar coalition. The Pennsylvania Environmental Council is currently organizing concerned individuals and groups in the Philadelphia area, as is the Citizen’s Public Housing Authority in Baltimore, the Catholic Archdiocese in Detroit, the Gamaliel Foundation in Gary, St. Louis, and Cleveland, and the Urban Habitat Program in San Francisco. These associations cover the waterfront from land use protection groups, to churches, to communities of color, to municipal governments, to the business community, to environmental, social justice, and affordable housing advocates. All of these groups are concerned with the stability and sustainability of their metropolitan area, specifically in preventing the concentration of poverty, curbing urban sprawl, and advancing fiscal equity. At the national level this movement is being led by Henry Richmond of the American Land Institute. See Henry R. Richmond, “Rationale and Program Design: National Land Use Policy Institute,” 11 July 1994.

<sup>5</sup> Because one of the purposes of this report is to help build metro-majority coalitions to enact regional reform, much of the data are presented at the municipality level. Additional data are provided at the levels at which

Based on demographic research, this report will show that the Milwaukee region is facing a scenario similar the one encountered by the Twin Cities area and the other regions mentioned above. It will argue that regional coalitions can be developed across the Milwaukee area to combat these growing problems. These coalitions could begin around the issue of tax-base equity and if successful can be broadened, one by one, to other issues of regional reform such as land-use reform/regional growth management, reinvestment in the core, fair housing, transportation/transit reform, and regional governance.

## II. The Core

### A. Concentrated Poverty in the Milwaukee Region

In the central city of Milwaukee there is a subset of distressed census tracts with more than 40 percent of their population below the federal poverty line. According to sociologists, such neighborhoods are extreme poverty tracts or ghettos.<sup>6</sup> Surrounding these severely distressed neighborhoods are transitional neighborhoods with 20 to 40 percent of their population in poverty.<sup>7</sup> In the 1970s, extreme poverty tracts and transitional neighborhoods exploded in size and population in the large cities of the Northeast and Midwest. New York City's ghetto, the nation's largest, increased from 70 census tracts in 1970 to 311 in 1980.<sup>8</sup> During the 1980s, ghettoization rapidly increased in Chicago, Detroit, and many of the secondary cities of the Northeast and Midwest.<sup>9</sup> In 1980, 48 percent of Detroit's census tracts had at least 20 percent of the residents in poverty; by 1990, 75 percent of its tracts did.<sup>10</sup> In Midwestern cities, including Milwaukee, the number of ghettoized tracts doubled in the 1980s.<sup>11</sup>

Between 1980 and 1990 in the city of Milwaukee, many transitional poverty tracts—those having between 20 and 40 percent of their population in poverty—became extreme poverty tracts—tracts in which 40 percent or more of the residents lived in poverty. In 1980, Milwaukee had a total of 56 transitional poverty tracts and 19 extreme poverty tracts (including one in the city of Wauwatosa) (Figure 1). By 1990, Milwaukee had lost 8 transitional tracts for a total of

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they are available, such as census tract, school district, elementary school, and police jurisdiction, to help support what is happening in the municipalities.

<sup>6</sup> See Paul A. Jargowsky and Mary Jo Bane, "Ghetto Poverty in the United States, 1970 to 1980," in Christopher Jencks and Paul E. Peterson (eds.), *The Urban Underclass* (Washington, DC: The Brookings Institution, 1991), 235-273; John D. Kasarda, "Inner-City Concentrated Poverty and Neighborhood Distress: 1970 to 1990," *Housing Policy Debate* 4, no. 3: 253-302.

<sup>7</sup> Ibid.

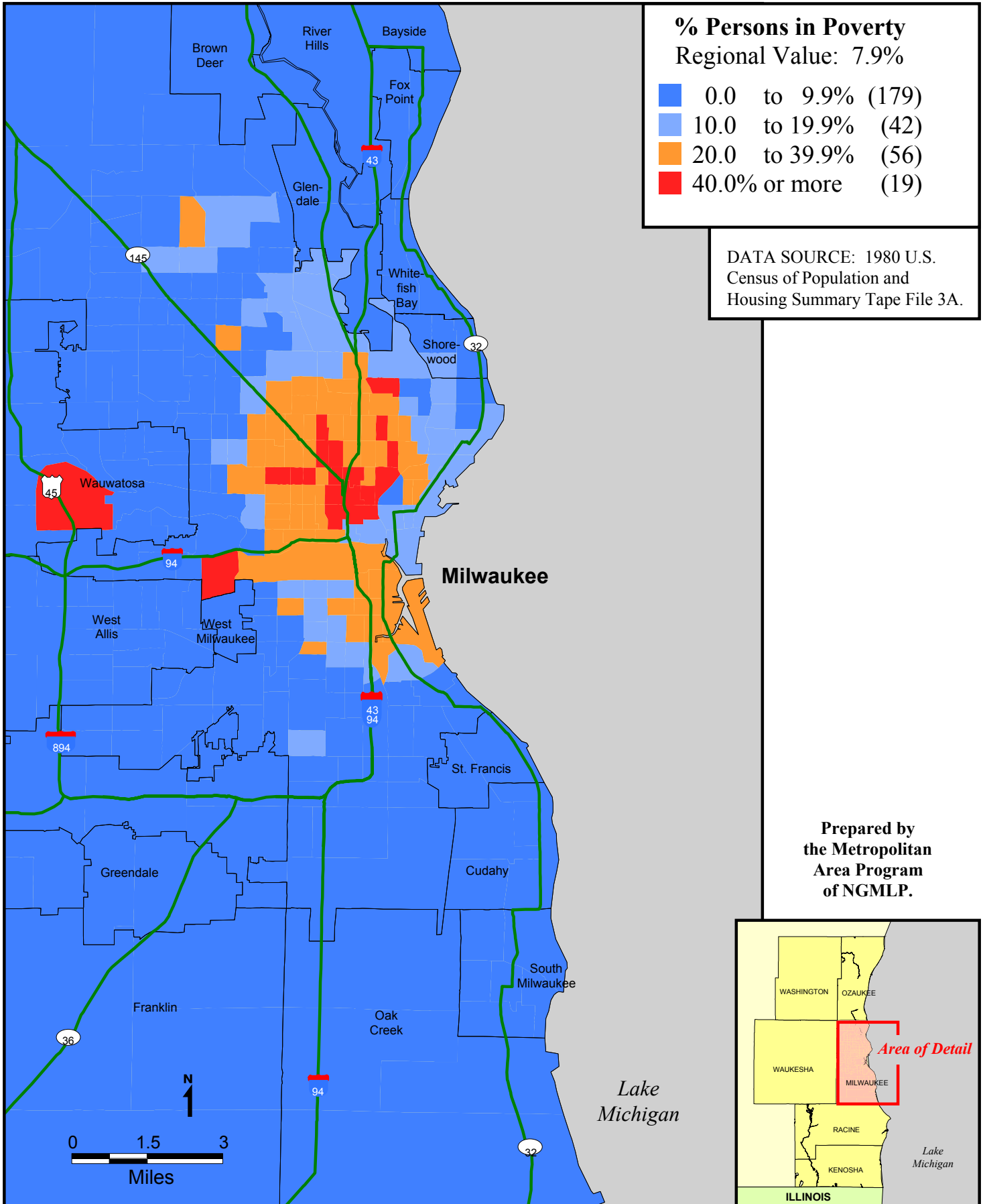
<sup>8</sup> Kasarda, "Concentrated Poverty," 261.

<sup>9</sup> Kasarda, "Concentrated Poverty"; Paul A. Jargowsky, "Ghetto Poverty Among Blacks," *Journal of Policy Analysis and Management* 13, no. 2 (1994): 288-310.

<sup>10</sup> Kasarda, "Concentrated Poverty," 261.

<sup>11</sup> Ibid., 260.

# Figure 1: Percentage Persons in Poverty by Census Tract, 1980





48, but had more than tripled its number of extreme poverty tracts by gaining 40 for a total of 59—an incredible 210 percent increase (Figure 1a). Milwaukee’s tremendous increase in poverty tracts during this period was the third greatest increase in the nation, exceeded only by Chicago, which gained 47 tracts, and Detroit, which gained 88 tracts.<sup>12</sup> As a percentage change from the number of extreme poverty tracts in 1980, however, Milwaukee’s increase far outpaced these other two cities: Detroit increased by 195.6 percent (from 45 to 133 tracts) and Chicago by 35.6 percent (from 132 to 179 tracts).

**Milwaukee Poverty Tracts, 1980-1990**

	<u># Tracts 1980</u>	<u># Tracts 1990</u>	<u>% Change</u>
<b>Transitional</b> <b>(20-39.9% in Poverty)</b>	<b>56</b>	<b>48</b>	<b>- 14.3</b>
<b>Extreme</b> <b>(40% + in Poverty)</b>	<b>19</b>	<b>59</b>	<b>+ 210.5</b>

**B. The Effects of Concentrated Poverty**

Stimulated by William Julius Wilson’s book, *The Truly Disadvantaged*, scholars in the late 1980s began actively studying the effects of concentrated poverty in large metropolitan areas. Their research confirms that concentrated poverty multiplies the severity of problems faced by both communities and poor individuals.<sup>13</sup> As neighborhoods become dominated by joblessness, racial segregation, and single-parentage, they become isolated from middle-class society and the private economy.<sup>14</sup> Individuals, particularly children, are deprived of local successful role models and connections to opportunity outside the neighborhood. A distinct society emerges with expectations and patterns of behavior that contrast strongly with middle-class norms.

Professor Wilson writes:

“I believe that the exodus of middle- and working-class families from ghetto neighborhoods removes an important ‘social buffer’ that could deflect the full impact of ... prolonged and increasing joblessness ... This argument is based on the assumption that even if truly disadvantaged segments of an inner-city area experience a significant increase in long-term spells of joblessness, the basic

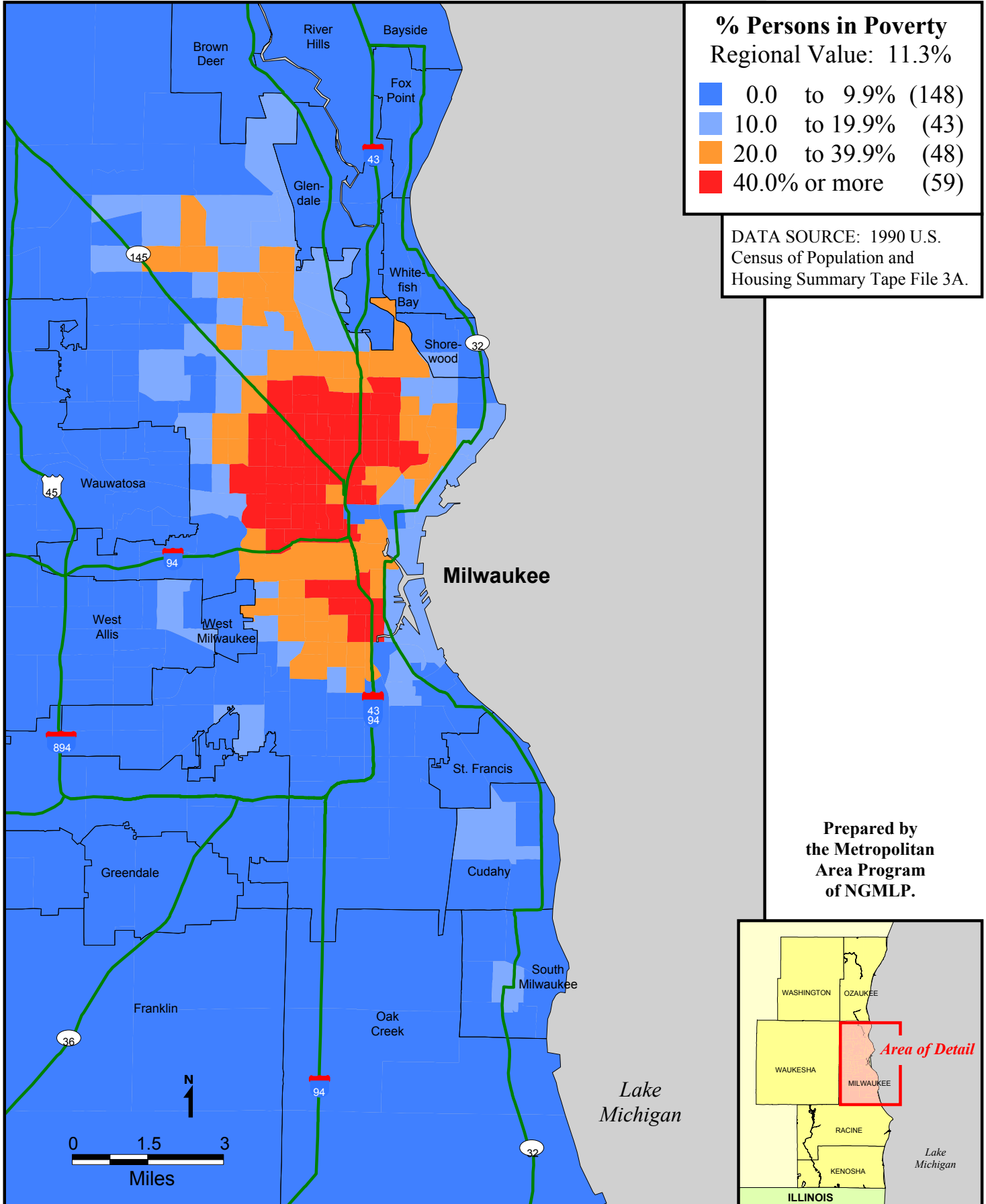
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<sup>12</sup> Ibid., 294.

<sup>13</sup> William Julius Wilson, *The Truly Disadvantaged: The Inner City, the Underclass, and Public Policy* (Chicago: University of Chicago Press, 1987); Douglas S. Massey and Nancy A. Denton, *American Apartheid: Segregation and the Making of the Underclass* (Cambridge: Harvard University Press, 1993); Christopher Jencks and Paul Peterson eds., *The Urban Underclass* (Washington, D.C.: Brookings Institution, 1991); Nicholas Lemann, *The Promised Land: The Great Black Migration and How it Changed America* (New York: Alfred A Knopf, 1991); Nicholas Lemann, “The Origins of the Underclass,” *The Atlantic Monthly* 257 (1986): 31-55; Hope Melton, “Ghettos of the Nineties: The Consequences of Concentrated Poverty,” (St. Paul Department of Planning and Economic Development, November 10, 1993).

<sup>14</sup> See generally George C. Galster, “A Cumulative Causation Model of the Underclass: Implications for Urban Economic Policy Development,” in *The Metropolis in Black and White: Place, Power and Polarization*, eds. George Galster and Edward Hill (New Brunswick, NJ: Center for Urban Policy Research, 1992).

**Figure 1a: Percentage Persons in Poverty  
by Census Tract, 1990**



institutions in that area (churches, schools, stores, recreational facilities, etc.) would remain viable if much of the base of their support comes from the more economically stable and secure families. Moreover, the very presence of these families during such periods provides mainstream role models that help keep alive the perception that education is meaningful, that steady employment is a viable alternative to welfare, and that family stability is the norm, not the exception.”<sup>15</sup>

Studies have found that poor individuals living in concentrated poverty are far more likely to become pregnant as teenagers,<sup>16</sup> drop out of high school,<sup>17</sup> and remain jobless<sup>18</sup> than if they lived in socioeconomically mixed neighborhoods. Similarly, the concentration of poverty and its attendant social isolation leads to the development of speech patterns increasingly distinct from mainstream English.<sup>19</sup> These speech differences make education, job search, and general interaction with mainstream society difficult.<sup>20</sup>

The effects of concentrated poverty can also be seen by comparing the experience of the poor living in concentrated poverty to that of poor individuals living in mixed-income communities. At least one large social experiment demonstrates that when poor individuals are freed from poor neighborhoods and provided with opportunities, their lives can change quite dramatically. Under a 1976 court order in the case of *Hills v. Gautreaux*,<sup>21</sup> thousands of single-parent black families living in Chicago public housing have been provided housing opportunities

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<sup>15</sup> Wilson, *Truly Disadvantaged*, 56.

<sup>16</sup> Jonathan Crane, “The Effects of Neighborhoods on Dropping Out of School and Teenage Childbearing,” in *The Urban Underclass*, 299-320; Susan E. Mayer, “How Much Does a High School’s Racial and Socioeconomic Mix Affect Graduation and Teenage Fertility Rates?” in *The Urban Underclass*, 321-41; Massey and Denton, *American Apartheid*, 169-70; Dennis P. Hogan and Evelyn Kitagawa, “The Impact of Social Status, Family Structure, and Neighborhood on the Fertility of Black Adolescents,” *American Journal of Sociology* 90, no. 4 (1985): 825-55; Frank F. Furstenburg, Jr., S. Philip Morgan, Kristen A. Moore, and James Peterson, “Race Differences in the Timing of Adolescent Intercourse,” *American Sociological Review* 52 (1987): 511-18; Elijah Anderson, “Neighborhood Effects on Teenage Pregnancy,” in *The Urban Underclass*, 375-98; Sara McLanahan and Irwin Garfinkel, “Single Mothers, the Underclass, and Social Policy,” *The Annals of the American Academy of Political and Social Science* 501 (1989): 92.

<sup>17</sup> Crane, “The Effects of Neighborhoods,” 274-320; Mayer, “Graduation and Teenage Fertility Rates,” 321-41; Massey and Denton, *American Apartheid*, 169-70.

<sup>18</sup> Massey and Denton, *American Apartheid*, 180-81.

<sup>19</sup> John Baugh, *Black Street Speech: Its History, Structure and Survival* (Austin: University of Texas Press, 1983): 11-22; William Labov, *Language in the Inner City: Studies in the Black English Vernacular* (Philadelphia: University of Pennsylvania Press, 1972); Id., “The Logic of Nonstandard English” in *Black American English: Its Background and its Usage in the Schools and in Literature*, ed. Paul Stoller (New York: Dell Publishing Co., 1975); William Labov and Wendell Harris, “De Facto Segregation of Black and White Vernaculars,” in *Diversity and Diachrony*, ed. David Sankoff, Current Issues in Linguistic Theory Series, vol. 53 (Philadelphia: Benjamins, 1986), 1-24; William Labov, *Locating Language in Space and Time* (New York: Academic Press, 1980).

<sup>20</sup> Joleen Kirschmen and Kathryn M. Neckerman, “‘We’d Love to Hire Them, But...’: The Meaning of Race for Employers” in *The Urban Underclass*, 203-32; Roger Shuy, “Teacher Training and Urban Language Problems,” in *Black American English*, 168-85.

<sup>21</sup> *Hills v. Gautreaux*, 425 US 284 (1976).

in predominantly white middle-class suburbs. Under the consent decree in a fair housing lawsuit originally brought in 1966, more than 5,000 low-income households have been given housing opportunities in the Chicago area. By random assignment more than half of these households moved to affluent suburbs that were more than 96 percent white, while the other participants moved to neighborhoods that were poor and more than 90 percent black. The pool of *Gautreaux* families thus provides a strong sample to study the effects of suburban housing opportunities on very poor city residents.

James Rosenbaum and colleagues from Northwestern University have intensively studied the *Gautreaux* families.<sup>22</sup> His research established that the low-income women who moved to the suburbs “clearly experienced improved employment and earnings, even though the program provided no job training or placement services.”<sup>23</sup> Very rapidly after the moves, the suburbanites were about 15 percent more likely to be employed.<sup>24</sup> Rosenbaum found that the children of the suburban movers dropped out of high school less frequently than the city movers (5 percent vs. 20 percent).<sup>25</sup> Second, they maintained similar grades despite higher standards in suburban schools. Third, the children who moved to the suburbs were significantly more likely to be on a college track (40.3 percent vs. 23.5 percent<sup>26</sup>) and went to college at a rate of 54 percent compared with 21 percent who stayed in the city.<sup>27</sup> In terms of employment, 75 percent of the suburban youth had jobs compared to 41 percent in the city.<sup>28</sup> Moreover, the suburban youth had a significant advantage in job pay and were more likely to have a prestigious job with benefits.<sup>29</sup> Finally, 90 percent of the suburban youth were either working or in school compared with 74 percent of the city youth.<sup>30</sup>

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<sup>22</sup> James Rosenbaum and Susan Popkin, “Employment and Earnings of Low-Income Blacks Who Move to Middle-Class Suburbs,” in *The Urban Underclass*; Rosenbaum, Popkin, Kaufman, and Rustin, “Social Integration of Low-Income Black Adults in Middle-Class White Suburbs,” *Social Problems* 38, no. 4 (1991): 448-61; James E. Rosenbaum, Marilyn J. Kulieke, and Leonard S. Rubinowitz, “White Suburban Schools’ Responses to Low-Income Black Children: Sources of Successes and Problems,” *The Urban Review* 20, no. 1 (1988): 28-41; James E. Rosenbaum and Susan Popkin, “Black Pioneers: Do Their Moves to the Suburbs Increase Economic Opportunity for Mothers and Children?” *Housing Policy Debate* 2, no. 4 (1991): 1179-1213; James E. Rosenbaum and Julie Kaufman, “Educational and Occupational Achievements of Low Income Black Youth in White Suburbs” (paper presented at the annual meeting of the American Sociological Association, Cincinnati, Oh., 18 October 1991). See also Schools section below.

<sup>23</sup> Rosenbaum and Popkin, “Employment and Earnings.”

<sup>24</sup> Ibid.

<sup>25</sup> Rosenbaum and Kaufman, “Educational and Occupational Achievements,” 4.

<sup>26</sup> Ibid., 5.

<sup>27</sup> Ibid., 5-6.

<sup>28</sup> Ibid., 6-7.

<sup>29</sup> Ibid.

<sup>30</sup> Ibid. The acceptance of these poor black families in affluent, predominantly white suburbs was not painless or immediate. At the outset, about 52 percent of the suburban movers reported incidence of racial harassment, compared to 23 percent in the city. However, the incidence of harassment rapidly decreased over time. Interestingly,

A growing core of concentrated poverty is like a collapsing star, which as it grows denser, grows more powerful in its gravitational pull. A core of concentrated poverty holds individuals in with an enormous and growing gravity, making escape from poverty impossible. A core of concentrated poverty draws in increasingly greater levels of governmental and philanthropic resources that rapidly disappear—with little sign of improvement. As poverty concentrates and social disorganization increases, crime grows, and waves of middle-class flight, business disinvestment, and declining property values surrounding the core intensify.

As the middle class leave, there are fewer customers for local retailers and the value of local housing declines precipitously. In the poorest metropolitan neighborhoods, basic private services, even grocery stores, disappear.<sup>31</sup> Vestiges of private economy that remain charge exorbitant prices allegedly justified by the risk of doing business. Social needs and hence property taxes begin to accelerate on a declining base of values. As local property taxes become highest in the least desirable parts of the metropolitan area, the flight of the middle class and the private economy increases. Larger industrial and service businesses are disadvantaged by high taxes, deteriorating public infrastructure, crime, property value losses, little room for expansion or parking, a lack of rapid access to radial highways, and costs of urban environmental issues.<sup>32</sup> Increasingly, urban employers believe that the work force in distressed and ghetto neighborhoods is unsuitable.

As an example of these trends, during the 1960s, Chicago lost 500,000 white residents, 211,000 jobs, and 140,000 private housing units, while its suburbs gained 800,000 white residents, 500,000 jobs, and 350,000 housing units.<sup>33</sup> As the West Side of Chicago was enveloped in an expanding core of poverty during the 1960s, 75 percent of its businesses disappeared.<sup>34</sup> By 1980, the West Side's ghetto North Lawndale neighborhood included "forty-eight state lottery agents, fifty currency exchanges, and ninety-nine licensed bars and liquor stores, but only one bank and one supermarket for a population of some 50,000."<sup>35</sup>

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both the suburban and city movers reported similar amounts of neighbor support and assistance and essentially no difference in terms of their degree of contact with neighbors. The suburban movers were actually slightly more likely to have friends in their new neighborhoods than the city movers. The suburban movers had more than two times the number of white friends that the city movers and slightly fewer black friends. Further, over time, the degree of integration continued for suburban movers, and re-segregation did not occur.

<sup>31</sup> Gary Orfield, "Ghettoization and Its Alternatives," in ed. Paul Peterson, *The New Urban Reality* (Washington, D.C.: Brookings Institution, 1985), 163.

<sup>32</sup> John D. Kasarda, "Urban Change and Minority Opportunities," in *The New Urban Reality*, 33-68; John D. Kasarda, "Urban Industrial Transition and the Underclass," *The Annals of the American Academy of Political and Social Science* 501 (1989): 26-47.

<sup>33</sup> Pierre de Vise, "Social Change," in *Chicago's Future*, ed. Dick Simpson (Champaign: Stripes Publishing Company, 1976), 113-22.

<sup>34</sup> Loic J.D. Wacquant and William Julius Wilson, "Poverty, Joblessness, and the Social Transformation of the Inner City," in *Welfare Policy for the 1990s*, eds. Phoebe H. Cottingham and David T. Ellwood (Cambridge: Harvard University Press, 1989), 92.

<sup>35</sup> Ibid.

In the end, the lack of a social mortar necessary to hold neighborhoods together and build communities makes community development in concentrated poverty neighborhoods difficult. Programs geared at job training or creation must struggle against what Douglas Massey calls “an oppositional culture.” To the extent such programs succeed, individuals—even if they are employed in the neighborhood—often move to less poor areas.<sup>36</sup> Physical rehabilitation programs, while they improve the quality of shelter and neighborhood appearance, do little to attack the underlying “tangle of pathology”<sup>37</sup> associated with concentrated poverty.

In terms of business development, areas of concentrated poverty have great difficulty competing with developing suburbs that offer middle-class customers, low taxes, low crime rates, cheap land with increasing values, room for expansion and parking, new highways, and few contaminated industrial sites. Thus, it is not surprising that even when enormous financial resources have been devoted to enterprise zones or inner-city tax abatements, it has been very difficult to stimulate viable business opportunities that employ core residents.<sup>38</sup>

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<sup>36</sup> Nicholas Lemann, “The Myth of Community Development,” *The New York Times Sunday Magazine* (2 January 1994); *Ibid.*, “The Promised Land,” 109-222; Rusk, *Cities Without Suburbs*, 44-47.

<sup>37</sup> See Wilson, *The Truly Disadvantaged* at 21.

<sup>38</sup> See generally Roy E. Green, ed., *Enterprise Zones: New Directions in Economic Development* (Newbury Park, CA: Sage Publications, 1991); Glenda Glover and J. Paul Brownridge, “Enterprise Zones as an Instrument of Urban Policy: A Review of the Zones in South Central Los Angeles,” *Government Finance Review* (June 1993): 15-17; Neal Peirce, “Enterprise Zones - No Great Shakes,” *National Journal* (17 July 1993): 1828; Elizabeth Larson, “Network News: Enterprise Zones Ignore the Importance of Social Networks,” *Reason* (April 1994): 17; Richard Pomp, Sandra Kanter, Kenneth Simonson, and Roger Vaughan, “Can Tax Policy be Used to Stimulate Economic Development?” *The American University Law Review* 29 no. 207 (1979-80): 207-33; Paul Kantor and H.V. Savitch, “Can Politicians Bargain with Business: A Theoretical and Comparative Perspective on Urban Development,” *Urban Affairs Quarterly* 29 no. 2 (1993): 230-255; Elizabeth Gunn, “The Growth of Enterprise Zones: A Policy Transformation,” *Policy Studies Journal* 21 no. 3 (1993): 432-49; Otto Hetzel, “Some Historical Lessons for Implementing the Clinton Administration’s Empowerment Zones and Enterprise Community Programs: Experiences from the Model Cities Program,” *The Urban Lawyer* 26 no. 1 (1994): 63-81; Jeffrey Katz “Enterprise Zones

David Rusk recently studied the effects of several of the largest and most successful Community Development Corporation (CDC) initiatives in the country. In virtually all of these areas of massive CDC investment, family and individual poverty rates substantially increased and moved further from metropolitan norms, the median household income declined and moved further away from the metro average, and the communities grew more segregated (Table 1).

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Struggle To Make Their Mark,” *CQ* (17 July 1993): 1880-83; Glenda Glover, “Enterprise Zones: Incentives are Not Attracting Minority Firms,” *Review of Black Political Economy* (Summer 1993): 73-99.

**TABLE 1: Socioeconomic Change in CDC Neighborhoods and in the Metropolitan Areas in Which They Are Located**

	Bedford Stuyvesant Restoration Corp., Brooklyn, NY (1967)			Marshall Heights Community Development Corp., Washington, DC (1979)			Eastside Community Investments, Inc., Indianapolis, IN (1976)			Walnut Hills Redevelopment Foundation, Cincinnati, OH (1977)			Detroit Shoreway Community Development Corp., Cleveland, OH (1973)			Anacostia Community Development Corp., Washington, DC (1969)		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
CDC Area Family Poverty Rate	24%	34%	34%	13%	19%	17%	11%	19%	26%	35%	37%	13%	37%	13%	37%	13%	24%	24%
CDC Area Individual Poverty Rate	28%	34%	34%	13%	17%	20%	14%	22%	28%	39%	41%	16%	39%	15%	39%	15%	24%	24%
CDC Mean Hsehold Income as % of Metro Mean	48%	50%	50%	74%	63%	56%	73%	62%	56%	43%	44%	59%	46%	69%	49%	69%	49%	49%
CDC Area Total Households	121,767	94,879		35,080	30,981	27,976	14,295	14,161	13,051	4,511	4,229	8,412	6,261					
CDC Area % Black Population	81%	86%	86%	92%	97%	97%	3%	5%	13%	90%	88%	0%	8%	85%	91%	85%	91%	91%
Metro Family Poverty Rate	11%	14%	9%	6%	6%	6%	7%	7%	7%	8%	9%	7%	9%	6%	6%	6%	6%	4%
Metro Individual Poverty Rate	14%	17%	12%	8%	8%	6%	9%	9%	10%	11%	10%	9%	10%	8%	8%	8%	8%	6%
CDC Area Change in Tot Real Income (1970-90)	-7%			-15%			-20%		-11%	-3%		-49%		-19%				
CDC Area Change in Tot Real Income (1980-90)																		
Metro Area Change in Tot Real Income (1970-90)																		
Metro Area Change in Tot Real Income (1980-90)																		

	New Community Corporation, Newark, NJ (1968)			Community Development Corp. of Kansas City, Kansas City, MO (1970)			Project for Pride in Living, Minneapolis, MN (1972)			Bethel Housing, Inc., Chicago, IL (1978)			Urban Edge Housing Corp., Roxbury, MA (1974)		
	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990	1970	1980	1990
CDC Area Family Poverty Rate	30%	30%	30%	17%	26%	26%	11%	25%	25%	35%	37%	14%	23%	25%	25%
CDC Area Individual Poverty Rate	33%	31%	31%	23%	30%	30%	15%	26%	26%	36%	40%	17%	24%	24%	24%
CDC Mean Hsehold Income as % of Metro Mean	44%	40%	40%	62%	52%	58%	65%	58%	58%	57%	48%	79%	73%	76%	76%
CDC Area Total Households	7,107	3,613		45,227	29,214	79,081	63,487	63,487	63,487	16,192	11,852	16,061	13,744	14,375	14,375
CDC Area % Black Population	88%	90%	90%	48%	52%	52%	8%	23%	23%	98%	99%	20%	26%	29%	29%
Metro Family Poverty Rate	7%	7%	7%	7%	7%	7%	7%	6%	6%	9%	10%	6%	7%	6%	6%
Metro Individual Poverty Rate	9%	9%	9%	9%	9%	9%	9%	8%	8%	11%	12%	9%	9%	8%	8%
CDC Area Change in Tot Real Income (1970-90)	-36%			-37%			-11%			-34%		-24%			
CDC Area Change in Tot Real Income (1980-90)															
Metro Area Change in Tot Real Income (1970-90)															
Metro Area Change in Tot Real Income (1980-90)															

Source: David Rusk, research sponsored by the Twentieth Century Fund.



In response, it is possible that CDC efforts have made these communities better than they might otherwise have been. These figures do not reflect individuals who have been empowered by CDC programs and have left poor neighborhoods. It is also true that CDC programs have often represented the only available response to concentrated poverty. However, in the end, these figures do indicate that CDC efforts are woefully inadequate in face of the enormous force of metropolitan polarization.

The foregoing demonstrates the deep need that core communities have for regional reform. The concentrated, segregated cores of central cities, inner suburbs, and outlying communities are under desperate fiscal stress. Tax-base sharing can provide the needed resources to rebuild, can encourage more competitive tax rates, and can stem the fiscal polarization that draws wealth and business to the edge of affluent suburbia. Fair housing is necessary both to provide individuals access to opportunity wherever it may exist in the region and to slowly relieve the concentration of poverty and segregation that disables older communities.

### **III. The Diversity of Metropolitan Areas**

Political pundits and scholars assert that metropolitan reforms are no longer possible because the suburbs have taken over American politics.<sup>39</sup> Representing over 50 percent of the American population and over 65 percent of the Milwaukee region, clearly “the suburbs” do have great political power. However, the pundits and reformers assume that the suburbs are monolithic, with common social experiences and political needs. Nothing could be further from the truth. The experiences and needs of suburban communities are almost as diverse as the nation itself.

#### **A. The Sectoral Development of American Metropolitan Areas**

Students of American metropolitan housing markets, from Homer Hoyt through John Adams, have demonstrated that American metropolitan areas develop in socioeconomic sectors, or wedges, that reach out from central city neighborhoods deep into suburbia.<sup>40</sup> As cities come into being, neighborhoods segment along class lines in sectors surrounding a growing central business district. The working class settles within walking distance of industrial sites. The middle class forms neighborhoods “upwind (or at least not downwind)”<sup>41</sup> from heavy transport

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<sup>39</sup> Anthony Downs, in his book *New Visions for Metropolitan America* (Washington, D.C.: Brookings Institution, 1994), repeatedly outlines the necessity of sweeping metropolitan reform and then dismisses the possibility of political success because of the monolithic opposition of the suburbs.

<sup>40</sup> John S. Adams, “Housing Submarkets in an American Metropolis,” in *Our Changing Cities*, ed. John Fraser, (Baltimore: Johns Hopkins University Press, 1991), 108-26; Homer Hoyt, *The Structure and Growth of Residential Neighborhoods in American Cities* (Washington D.C.: US Government Printing Office, 1939) reprinted in 1966 with analysis of the 1960 census data; Ronald F. Abler and John S. Adams, *A Comparative Atlas of America's Great Cities: Twenty Metropolitan Regions* (University of Minnesota Press: Association of American Geographers, 1976); John Adams, *Housing America in the 1980s* (New York: Russell Sage Foundation, 1987); John S. Adams, “The Sectoral Dynamic of Housing Markets within Midwestern Cities of the United States,” in *The Geographic Evolution of the United States Urban System*, ed. John Adams.

<sup>41</sup> Adams, “Sectoral Dynamic.”

and manufacturing areas on sites close to white-collar, downtown jobs. The upper class settles in neighborhoods removed from the other two groups, often on land with attractive topographical features. Over time, these three distinct neighborhoods grow in pie-shaped wedges into the expanding city. The most rapid turnover in home-ownership occurs in middle-class housing markets as promotions and pay increases allow owners to continually move up into newer and better housing. Thus, middle-class sectors appear as asymmetrical bulges in housing market construction at the region's periphery. The upper- and working-class housing markets have less mobility and growth. The upper-class market is small and has high amenity levels. Working-class wages peak early, and a major goal in such communities is simply home ownership. In both cases, there is less need for move-up housing.

As these sectors filled out city boundaries, working-class neighborhoods extended into working-class first- and second-tier suburbs, middle-class neighborhoods into middle-class suburbs, and upper-class neighborhoods into upper-class suburbs. These patterns followed streetcar lines and radial access roads beyond the city into the first-tier suburbs. However, as circumferential highways became the shaping force of metropolitan development, the influence of sectoral patterns began to wane in suburbs beyond the beltways.

When a household moves to a new unit at the periphery, it creates a vacancy at its old address which is filled by another household, which leaves a vacancy at its old address and so on. The building of new housing at the periphery sets in motion vacancy chains reaching far back into the central core. Thus, the more rapid peripheral growth of middle-class sectors early on creates low demand at the center of its vacancy chain. As demand declines, so does price, which in turn leads to opportunities for the region's poor. In such a way, core middle-class neighborhoods are the first to become impoverished and ultimately ghettoized. As these neighborhoods become poorer, social and economic decline accelerates and pushes the middle class out at the same time the vacancy chain is pulling them. Working- and upper-class neighborhoods, because of less growth and turnover, tend to remain stable longer than middle-class sectors. However, when they decline, they do so rapidly. Ironically, as the various classes move up and/or flee from central city areas, all the social and economic changes that occur in the core of their sectoral housing markets eventually follow them through the vacancy chains into the suburbs.

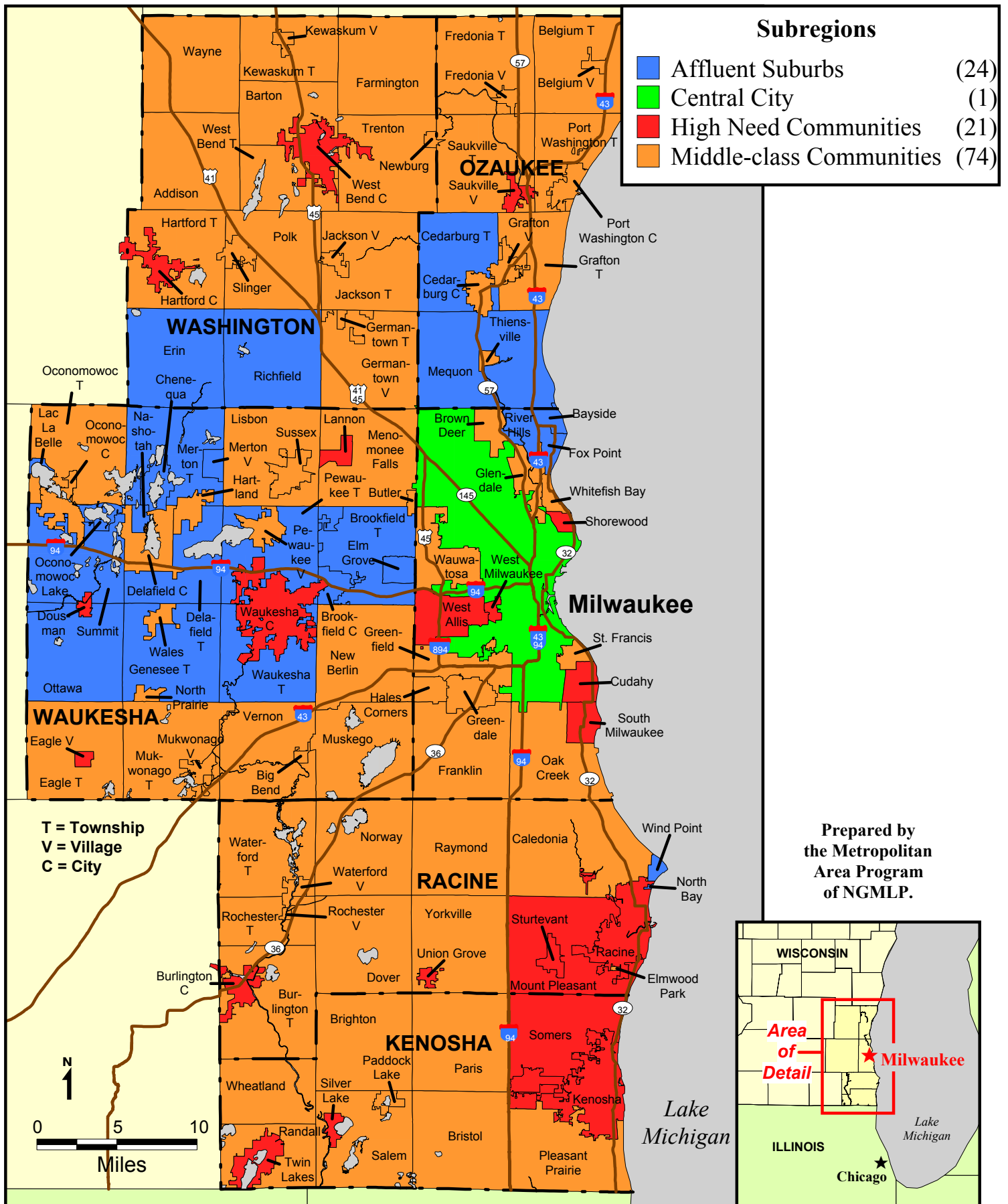
## **B. Local Metropolitan Subregions**

The Milwaukee metropolitan region consists of six counties—Kenosha, Milwaukee, Ozaukee, Racine, Washington, and Waukesha. These six counties contain 119 suburban municipalities (cities, townships, and villages). We have divided all of these suburban municipalities into three distinct types of communities: (1) Affluent Suburbs; (2) Middle-class Communities; and (3) High Need Communities (Figure 2).<sup>42</sup> Milwaukee area suburbs were categorized into these subregions based on their 1990 median household income, percentage of children under five in poverty, and percentage of female-headed households, and their 1996

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<sup>42</sup> All statistics in the following section are from the US Census Summary Tape File 3A unless otherwise noted.

# Figure 2: Milwaukee Subregions



property tax base per household.<sup>43</sup> Table 2 shows statistics for each suburban category and the central city.

<b>TABLE 2: Social &amp; Economic Statistics for Milwaukee and Its Subregions</b>					
	<b>Regional Total</b>	<b>Affluent Suburbs</b>	<b>Middle-Class Communities</b>	<b>High Need Communities</b>	<b>Milwaukee</b>
<b>Persons, 1990</b>	1,735,325	142,951	532,494	431,792	628,088
<b>% of Region's Total Population, 1990</b>	100.0%	8.2%	30.7%	24.9%	36.2%
<b>Households, 1990</b>	648,969	47,895	193,211	166,901	240,962
<b>Estimated Households, 1996</b>	674,839	52,031	209,690	175,112	238,006
<b>Median Household Income, 1989</b>	\$32,399	\$57,403	\$41,043	\$30,720	\$23,627
<b>% Change in Real Median Household Income, 1979-1989</b>	-5.7%	5.5%	-1.2%	-8.4%	-13.7%
<b>% Children under 5 in Poverty, 1990</b>	22.0%	1.1%	3.1%	17.1%	41.5%
<b>Change in % Points: Children under 5 in Poverty, 1980-1990</b>	7.4	-1.8	-1.2	6.1	15.5
<b>Female-Headed Households with Children as a % of Total Households with Children, 1990</b>	22.8%	4.6%	9.2%	20.7%	40.8%
<b>Change in % Points Female-Headed Households with Children, 1980-1990</b>	5.0	-0.6	1.6	4.7	9.3
<b>Property Tax Base per Household, 1996</b>	\$112,271	\$259,553	\$151,497	\$94,689	\$58,450
<b>% Change in Real Property Tax Base per Household, 1986-1996</b>	15.4%	28.3%	18.3%	10.6%	-2.7%

## 1. The High Need Communities

High need communities are often declining, distressed cities that are fully developed and beginning to experience socioeconomic change. In the six-county Milwaukee region they include the cities of Racine and Kenosha and other older satellite cities such as West Bend, Burlington, Waukesha, and Twin Lakes, as well as the Milwaukee inner suburbs of West Allis, Shorewood, West Milwaukee, Cudahy, and South Milwaukee. These cities are defined by a combination of increasing social needs and low tax base. They often do not have sufficient social or economic resources to respond to growing social challenges. It is important to note that in many older

<sup>43</sup> First, a z-score was determined for each of these four factors for each municipality. (A z-score is the value for the municipality minus the average for all municipalities divided by the standard deviation for the factor. This is a method of creating standardized values for the four different factors. For example, a place that is absolutely typical for the region would have a score of zero for each factor.) The z-scores for female-headed households and children under five in poverty were then multiplied by -1 resulting in a positive number for a socioeconomically healthy place and a negative number for a distressed place. Once z-scores were determined for each of the four factors for each municipality, a master distress index was determined for each municipality by averaging the four z-scores. Municipalities with a master distress index of less than -0.5 were categorized as "High Need Communities", municipalities with a master distress index greater than 0.5 were categorized as "Affluent Suburbs", and municipalities with a master distress index between -0.5 and 0.5 were categorized as "Middle-Class Communities".

metropolitan areas of the country, as poverty and social instability crossed city/suburban lines or began to grow in older towns and cities overrun by urban sprawl, it actually began to accelerate and intensify. Many older transitioning suburbs on the south and west sides of Chicago and in communities such as Camden, New Jersey, Compton, California, and East St. Louis, Missouri suffer much more severe segregation, deprivation, and intense levels of crime than the cities they adjoin.<sup>44</sup> This is the danger now facing the high need communities of the Milwaukee region.

## **2. The Middle-class Communities**

The middle-class communities of the Milwaukee region are places that have few local resources for schools and public services but their degree of social decline is not as severe as in the high need communities. Seventy-four of the 119 suburban communities in the Milwaukee region are middle-class communities, making this the largest subregion category. Included in this subregion are most of the region's townships and a number of older satellite cities and inner suburbs, such as Pewaukee, Greendale, St. Francis, and Port Washington. These communities, with a property tax base composed mainly of less expensive single-family homes and apartment buildings, do not have sufficient resources to fairly and adequately support basic services. They have comparatively high property taxes and comparatively low-quality public services. They are often found very near high need communities. While middle-class communities do not presently have as deep social problems as the high need communities, they are often tomorrow's troubled places. As the demographics section below indicates, many of these individual communities have experienced declining incomes, increasing female-headed households, increasing crime, and a declining tax base in recent years.

## **3. The Affluent Suburbs and the Favored Quarter**

The cities with the highest tax bases and the fewest social needs in the Milwaukee region are mainly found to the north and west of the central city, such as the townships of Mequon, Brookfield, Delafield, and Merton, and the cities of Elm Grove, Brookfield, Bayside, River Hills, and Chenaqua. These communities dominate regional economic growth and garner a disproportionate share of the region's new roads and other developmental infrastructure. The affluent suburbs' housing markets are highly restrictive, their social needs small and often declining. However, they usually have too few local workers for local jobs and traffic congestion that cannot be solved by new highways. The affluent suburbs are usually very successful at fiscal zoning—the process by which communities zone or plan to develop expensive housing or commercial-industrial property with low service demands so as to increase their tax base per household, thus keeping social need down and tax rates low. These suburbs corner the market in low-density executive housing and business tax base with low service requirements. Many of these suburbs are newer, more recently developed communities, with wealthy residential subdivisions and modern office parks. These are the areas that would be in the running to be labeled by Christopher Leinberger as the “favored quarter.”

Christopher Leinberger and his colleagues at Robert Charles Lesser and Co. (RCL & Co.), one of the most successful real estate consulting firms in the country, have made a great

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<sup>44</sup> Orfield and Monfort, “School Desegregation,” 30; Rob Gurwitt, “Saving the Aging Suburb,” *Governing* 6, no. 8 (1993): 36; Paul Glasstris and Dorian Friedman, “A Tale of Two Suburbias,” *US News and World Report* (9 November 1993): 32-36; Massey and Denton, *American Apartheid*, 67-74. See also Schools section below.

deal of money locating for businesses the favored quarter in a given metropolitan area.<sup>45</sup> These quarters are developing suburban areas that have mastered the art of skimming off the cream of metropolitan growth, while accepting as few metropolitan responsibilities as possible. RCL & Co. look for areas with concentrations of housing valued above \$200,000, high-end regional malls, and the best freeway capacity. As these communities grow affluent and their tax base expands, their exclusive housing market actually causes their relatively small local social needs to decline.

#### IV. Demographic Findings<sup>46</sup>

In this section we present the data that was used in determining the above subregion categories as well as a number of other types of data to help illustrate what is happening socioeconomically across the region.

##### A. Poor Children

During the 1980s, the federal poverty line did not keep up with inflation. By 1990, a single mother and her child were not poor unless they had an income of less than \$8,420.<sup>47</sup> Most social scientists do not think this is a measure of poverty, but of desperate poverty. Children that grow up in such poor homes have great trouble finishing high school and avoiding the criminal justice system, and will very likely represent some sort of a governmental responsibility for the rest of their lives.

In 1990, 22 percent of the Milwaukee region’s children under five years old lived in poverty (Figure 3). In the city of Milwaukee the rate was 41.5 percent and in the high need communities it was 17.1 percent.

**Percent Children Under Five in Poverty, 1990**

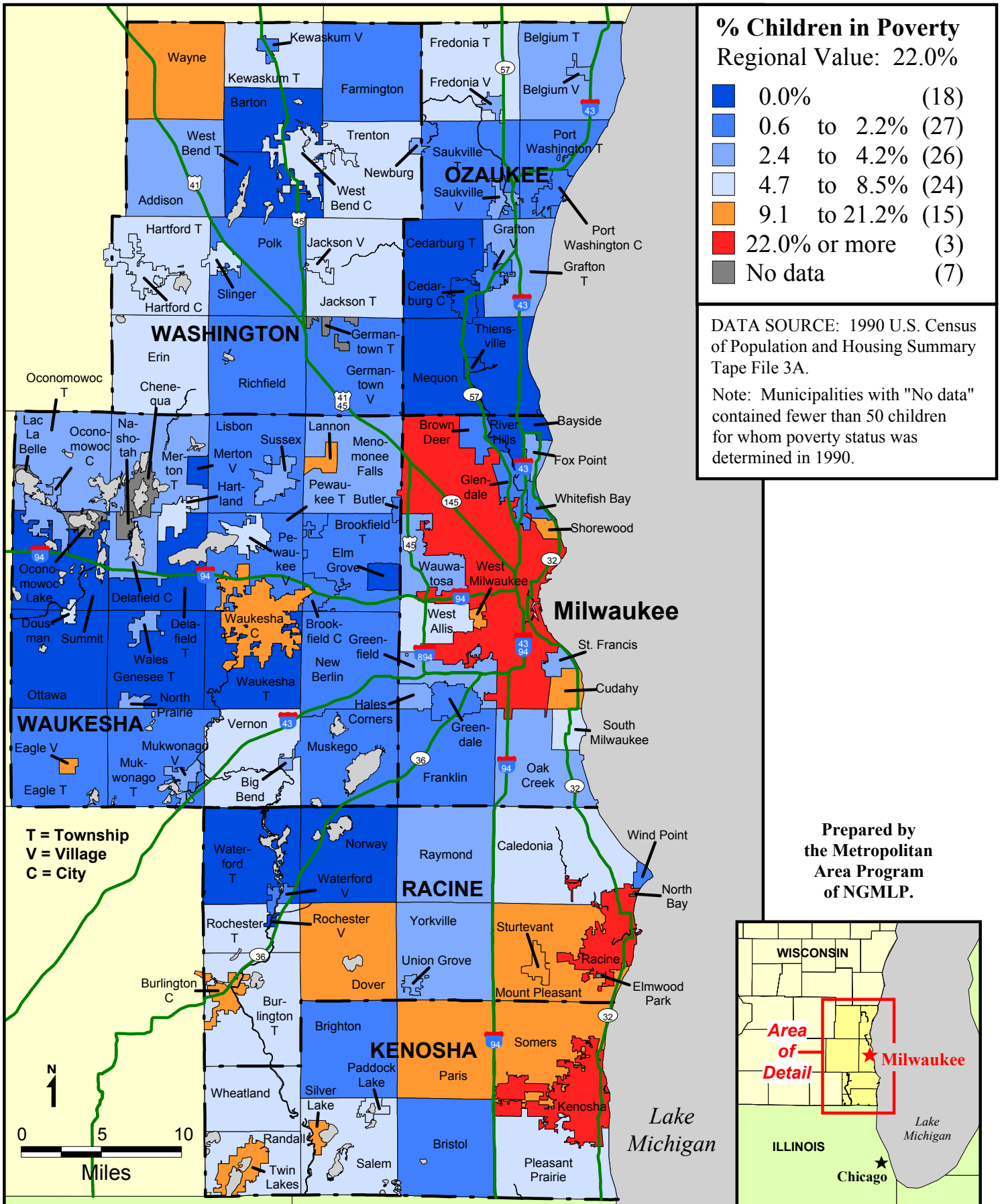
<u>Region</u>	<u>Affluent Suburbs</u>	<u>Middle-class Communities</u>	<u>High Need Communities</u>	<u>Milwaukee</u>
22	1.1	3.1	17.1	41.5

<sup>45</sup> Robert Charles Lesser & Co. calls certain economically successful metropolitan subareas “favored quarters.” When advising major clients to locate facilities, they systematically search for subregions with the greatest presence of executive housing, high-end local retail malls, recent highway improvements, employment growth, low commercial real estate vacancy rates, and high share of regional economic growth. They judge these areas the most viable for a wide variety of business endeavors. See Christopher Leinberger, Managing Partner, Robert Charles Lesser & Co., memorandum to author, Re: Robert Charles Lesser & Co. Metropolitan Opportunity Analysis (MOA) Methodology, 16 August 1994.

<sup>46</sup> The maps presented in this section were created using geographic information system (GIS) software. This software attaches data stored in a separate database to a geographic base map. The data source for each map is noted on the map. The break points for the data were determined using a method of natural breaks. With this method the program splits the data at places where a gap in the data naturally occurs. This method helps to insure that the places in a particular color category have values that are closer to each other than they are to the values for places in other categories.

<sup>47</sup> Family of three: \$10,560; family of four: \$12,700. (Federal Register 1990, vol. 55, no. 33: 5665.)

# Figure 3: Percentage of Children Under 5 Years in Poverty by Municipality, 1990



In all, there were fourteen suburban communities with more than 10 percent of their children in poverty, five of these had more than 20 percent of their children in poverty. Suburban municipalities with exceptionally high child poverty rates were Waukesha (10.2 percent), Mount Pleasant (11.5 percent), and Twin Lakes (21.1 percent). On the other hand, the affluent suburbs did not have many children in poverty at all, with an average rate of 1.1 percent. In all, there were eighteen communities in the Milwaukee region with zero children under five in poverty, all but seven of these were affluent suburbs, including the townships of Waukesha and Genesee and the city of Mequon.

In terms of the change in the level of childhood poverty over the decade, the Milwaukee region as a whole worsened considerably, moving from 14.6 percent in 1980 to 22 percent in 1990, a 7.4 percentage point increase (Figure 4). Much of this increase, but not all, was due to a 15.5 percentage point increase in the rate of childhood poverty in the city of Milwaukee, going from 26.0 to 41.5 percent. The high need communities also contributed to the region’s overall increase in childhood poverty. With all but six of the region’s twenty-one high need communities experiencing increases in percent children under five in poverty, this subregion as a whole increased by 6.1 percentage points—from 11.0 to 17.1 percent. The affluent suburbs and the middle-class communities saw decreases in this figure by 1.8 and 1.2 percentage points respectively.

**Change in Percentage Points Children Under Five in Poverty, 1980-1990**

<u>Region</u>	<u>Affluent Suburbs</u>	<u>Middle-class Communities</u>	<u>High Need Communities</u>	<u>Milwaukee</u>
7.4	-1.8	-1.2	6.1	15.5

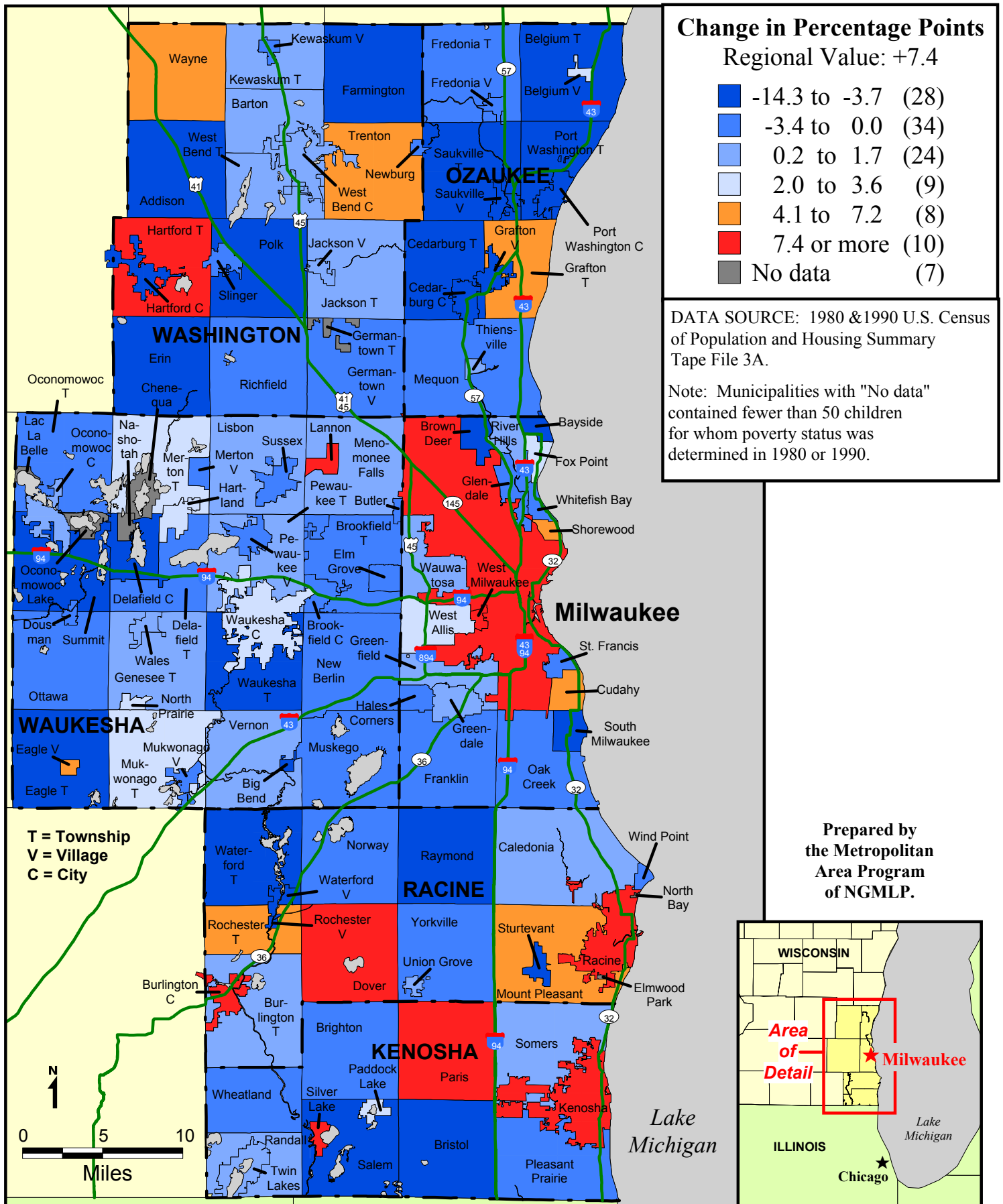
As childhood poverty swept across city/suburban borders, in two townships it actually grew more rapidly than in the central city of Milwaukee. Both Dover and Paris had zero children under five in poverty in 1980 and by 1990 had 15.6 and 20.5 percent respectively. The cities of Racine and Kenosha also experienced considerable increases in childhood poverty over the decade. Racine went from 18.6 to 32.2 percent (13.6 percentage points) and Kenosha went from 14.7 to 22.6 percent (7.9 percentage points). On the other hand, sixty-two Milwaukee area communities declined in percentage of preschool children in poverty, including the township of Cedarburg, which went from 4.4 percent to zero children under five in poverty (-4.4 percentage points), and Summit, which went from 5.6 percent to zero children under five in poverty (-5.6 percentage points).

**B. Female-Headed Households**

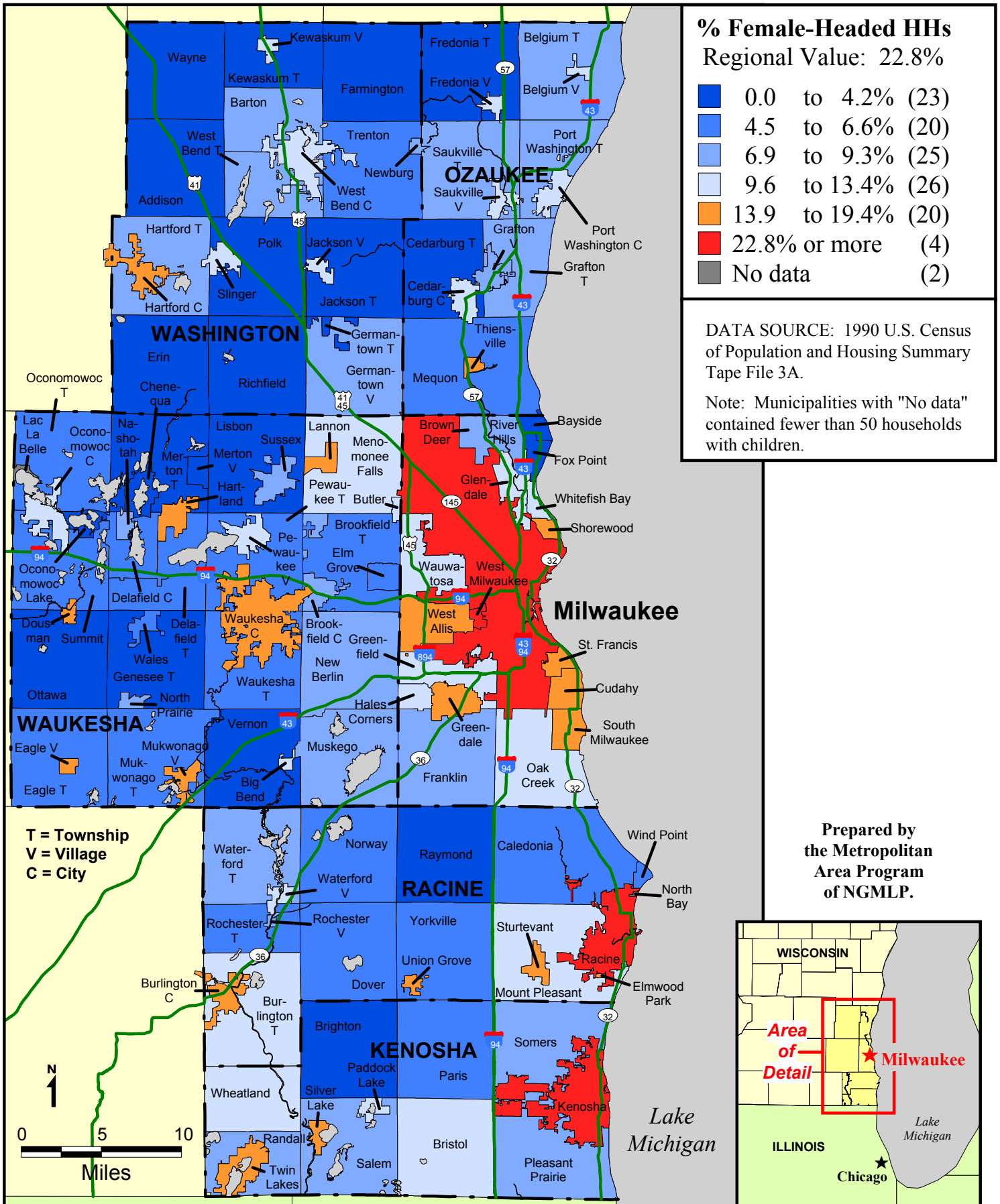
Single mothers headed 22.8 percent of all households with children in the region in 1990 (Figure 5). The greatest percentage of female-headed households were found in the city of Milwaukee, where 40.8 percent of all households with children were female-headed, and in the high need communities, where 20.7 percent were female-headed. The middle-class communities also had a fairly high percentage of female-headed households at 9.2 percent. The affluent suburbs had 4.6 percent female-headed households.



# Figure 4: Change in Percentage Points - Children Under 5 Years in Poverty by Municipality, 1980-1990



**Figure 5: Female-Headed Households with Children as a Percentage of Total Households with Children by Municipality, 1990**



**Percent Female-headed Households, 1990**

<u>Region</u>	<u>Affluent Suburbs</u>	<u>Middle-class Communities</u>	<u>High Need Communities</u>	<u>Milwaukee</u>
22.8	4.6	9.2	20.7	40.8

The suburban cities that struggled the most with problems of single-mother households were primarily older inner-ring and outlying satellite cities. Racine, for example, with 31.3 percent female-headed households, was not far behind the city of Milwaukee in percentage of female-headed households. Other cities with a high percentage of female-headed households include, Hartford and Cudahy (both 19.4 percent) and Kenosha (23.0 percent). On the other hand, cities with very few female-headed households included, Fox Point Village (2.9 percent), Cedarburg Township (2.1 percent), and Erin Township (zero).

Over the decade, the Milwaukee region as a whole increased in households with children headed by females by 5 percentage points, going from 17.8 percent in 1980 to 22.8 percent in 1990 (Figure 6). Again, the city of Milwaukee and the high need communities increased the most in this figure: Milwaukee by 9.3 percentage points (from 31.5 to 40.8 percent) and the high need communities by 4.7 percentage points (from 16.0 to 20.7 percent). The middle-class communities increased only slightly, while the affluent suburbs declined slightly in female-headed households.

**Change in Percentage Points Female-headed Households, 1980-1990**

<u>Region</u>	<u>Affluent Suburbs</u>	<u>Middle-class Communities</u>	<u>High Need Communities</u>	<u>Milwaukee</u>
5.0	-0.6	1.6	4.7	9.3

Between 1980 and 1990, three high need and two middle-class communities actually saw greater increases in female-headed households than the central city of Milwaukee, including Union Grove (10.9 percentage points—from 3.6 to 14.5 percent) and West Milwaukee (18.0 percentage points—from 8.2 to 26.2 percent). Other communities that experienced considerable increases in female-headed households were Greendale (6.9 percentage points—from 8.3 to 15.2 percent) and South Milwaukee (7.3 percentage points—from 9.3 to 16.6 percent).

**C. Median Household Income**

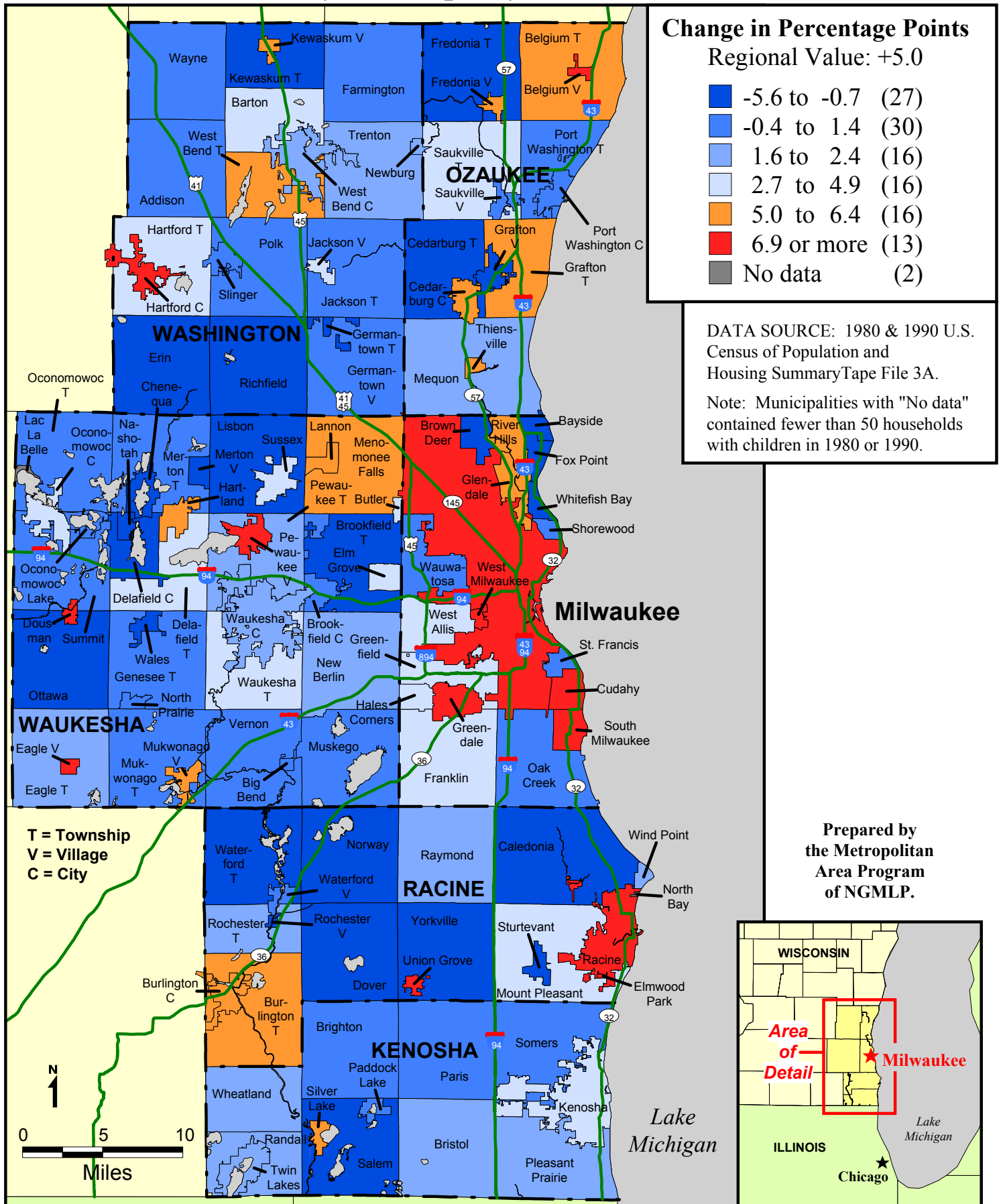
In 1989 the median household income in the Milwaukee region was \$32,399 (Figure 7). Both the city of Milwaukee and the high need communities had median household incomes below the region’s median, \$23,627 and \$30,720 respectively. The other two subregions were well above the region’s median: \$41,043 in the middle-class communities and \$57,403 in the affluent suburbs.

**Median Household Income, 1989**

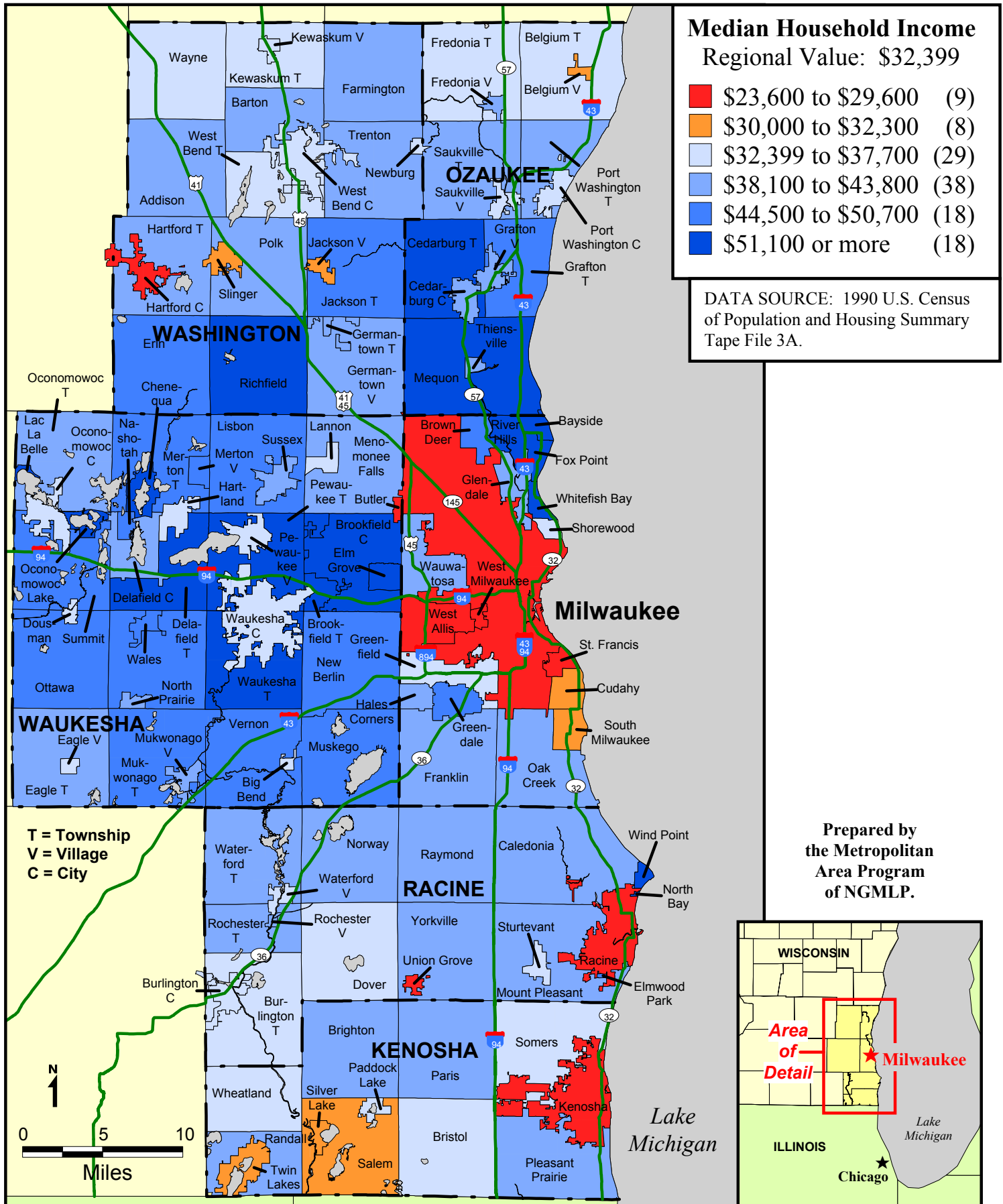
<u>Region</u>	<u>Affluent Suburbs</u>	<u>Middle-class Communities</u>	<u>High Need Communities</u>	<u>Milwaukee</u>
\$32,399	\$57,403	\$41,043	\$30,720	\$23,627

Eight suburban communities had median household incomes under \$30,000, including, St. Francis (\$29,200), Kenosha (\$26,540), and Racine (\$25,395). At the other end of the

**Figure 6: Change in Percentage Points - Female-Headed Households with Children as a Percentage of Total Households with Children by Municipality, 1980-1990**



# Figure 7: Median Household Income by Municipality, 1989



spectrum, all of the affluent suburbs had median households incomes over \$46,000 and all but four were over \$50,000. Among the highest median households incomes in the region were Elm Grove (\$66,852), Bayside (\$68,049), Wind Point (\$78,558), and River Hills (\$110,712).

Over the decade, the median household income for the region as a whole, adjusted for inflation, decreased by 5.7 percent—from \$34,346 in 1979 to \$32,399 in 1989 (Figure 8). Adjusted for inflation, Milwaukee’s median household income decreased by 13.7 percent (from \$27,376 to \$23,627) and the high need communities decreased by 8.4 percent (from \$33,526 to \$30,720). The middle-class communities decreased only slightly, while the affluent suburbs increased slightly. The former went from \$41,561 to \$41,043 (-1.2 percent) and the latter from \$54,398 to \$57,403 (5.5 percent).

**Percent Change in Median Household Income, 1979-1989**

<u>Region</u>	<u>Affluent Suburbs</u>	<u>Middle-class Communities</u>	<u>High Need Communities</u>	<u>Milwaukee</u>
-5.7	5.5	-1.2	-8.4	-13.7

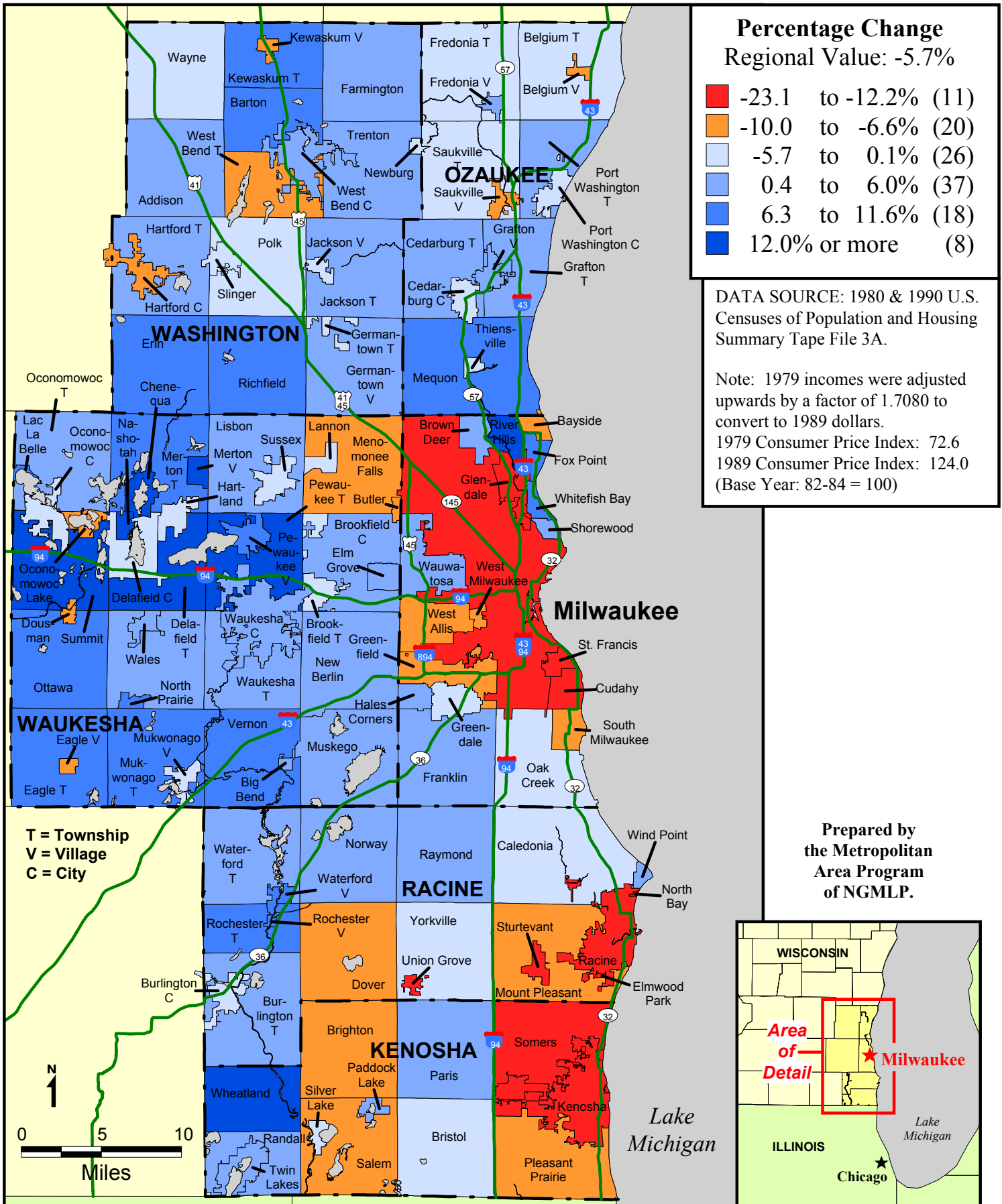
Between 1979 and 1989, twelve communities decreased in median household income by more than 10 percent—including six that decreased at a faster rate than the central city of Milwaukee. Most of the cities that saw the greatest decrease in median household income over the decade were in Racine and Kenosha Counties: Kenosha went from \$32,327 to \$27,770 (-14.1 percent), Racine went from \$31,490 to \$26,540 (-15.7 percent), Somers went from \$39,182 to \$32,972 (-15.8 percent), and Union Grove—which declined more than any other city in the region—went from \$38,355 to \$29,491 (-23.1 percent). On the other hand, most of the biggest income gainers were located in western Waukesha County, for example: Delafield Township went from \$46,767 to \$53,686 (14.6 percent) and Chenaqua—which increased more than any other city in the region—went from \$78,283 to \$112,457 (43.7 percent). River Hills, just north of Milwaukee, also increased considerably, going from \$83,292 to \$110,712 (32.9 percent).

**D. Schools**

Schools are the first victim and the most powerful perpetuator of metropolitan polarization. Local schools become socioeconomically distressed before neighborhoods themselves become poor. Hence, increasing poverty in a community’s schoolchildren is a prophecy for the community. First, the community’s children often become its adults. Second, middle-class families, who form the bedrock of stable communities, will not tolerate high concentrations of poverty in their schools, and frequently depart in search of better educational opportunities for their children.

In this light, there is a rapid, dangerous social and economic polarization occurring among the Milwaukee area’s 71 school districts. The results can be clearly seen in and around places where there is dramatic flight from the schools. The central city and the high need communities struggle under a disproportionate share of concentrated poverty and segregation. The schools in these communities, particularly those developing without sufficient property tax base, face increasing social and academic challenges, often with the lowest per-pupil spending in

# Figure 8: Percentage Change - Median Household Income by Municipality, 1979-1989



the region. On the other hand, affluent suburban systems enjoy insulated, stable prosperity financed by local business growth.<sup>48</sup>

Just as concentrated poverty in schools destabilizes communities, it has a very negative effect on individual access and achievement. Schools are not just instruction and textbooks, but, like neighborhoods, represent a series of reinforcing social networks that contribute to success or failure.<sup>49</sup> Fast-track, well-funded suburban schools with a high percentage of students from stable middle- and upper-class families are streams moving in the direction of success, with currents that value hard work, goal setting, and academic achievement.<sup>50</sup> Monolithically poor central city or inner-suburban schools with a high percentage of students in poverty are streams moving toward failure, with currents that reinforce anti-social behavior, drifting, teenage pregnancy, and dropping out.<sup>51</sup>

### 1. Free and Reduced-Cost Lunch

Most social scientists use free and reduced-cost lunch statistics to measure children in poverty. They believe that it is more realistic than federal poverty standards. Children are eligible for reduced lunch if their family's income level is not above 185 percent of the federal poverty level, and they are eligible for free lunch if their income is not above 130 percent of the poverty level.

In 1996 the Milwaukee region as a whole had 60,049 elementary students eligible for free or reduced-cost meals. These students represented 41 percent of all elementary students in the region (Figure 9).<sup>52</sup> Just over 73 percent of those students were in the Milwaukee school district where fully 77.8 percent of all elementary students were eligible for the free and reduced-cost meals program (Figure 10). The other 27 percent of the region's poor school children were in cities such as Waukesha (where 16.1 percent of all elementary students were eligible), Greenfield (26.4 percent eligible students), West Allis/ West Milwaukee (27.6 percent eligible

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<sup>48</sup> This section looks at social indicators for Milwaukee area schools. Later in this report, in the Fiscal Disparities section, we will look closer at disparities in per pupil spending across the region.

<sup>49</sup> Jomills Braddock II and James McPartland, "The Social and Academic Consequence of School Desegregation," *Equity & Choice* (February 1988): 5; see also Gary Orfield and Carole Ashkinaze, *The Closing Door: Conservative Policy and Black Opportunity* (Chicago: University of Chicago Press, 1991), 131; James Rosenbaum, Marilyn Kulieke, and Leonard Rubinowitz, "Low-Income Black Children in White Suburban Schools: A Study of School and Student Responses," *Journal of Negro Education* 56, no. 1 (1987): 35; Rosenbaum, Kulieke, and Rubinowitz, "White Suburban Schools."

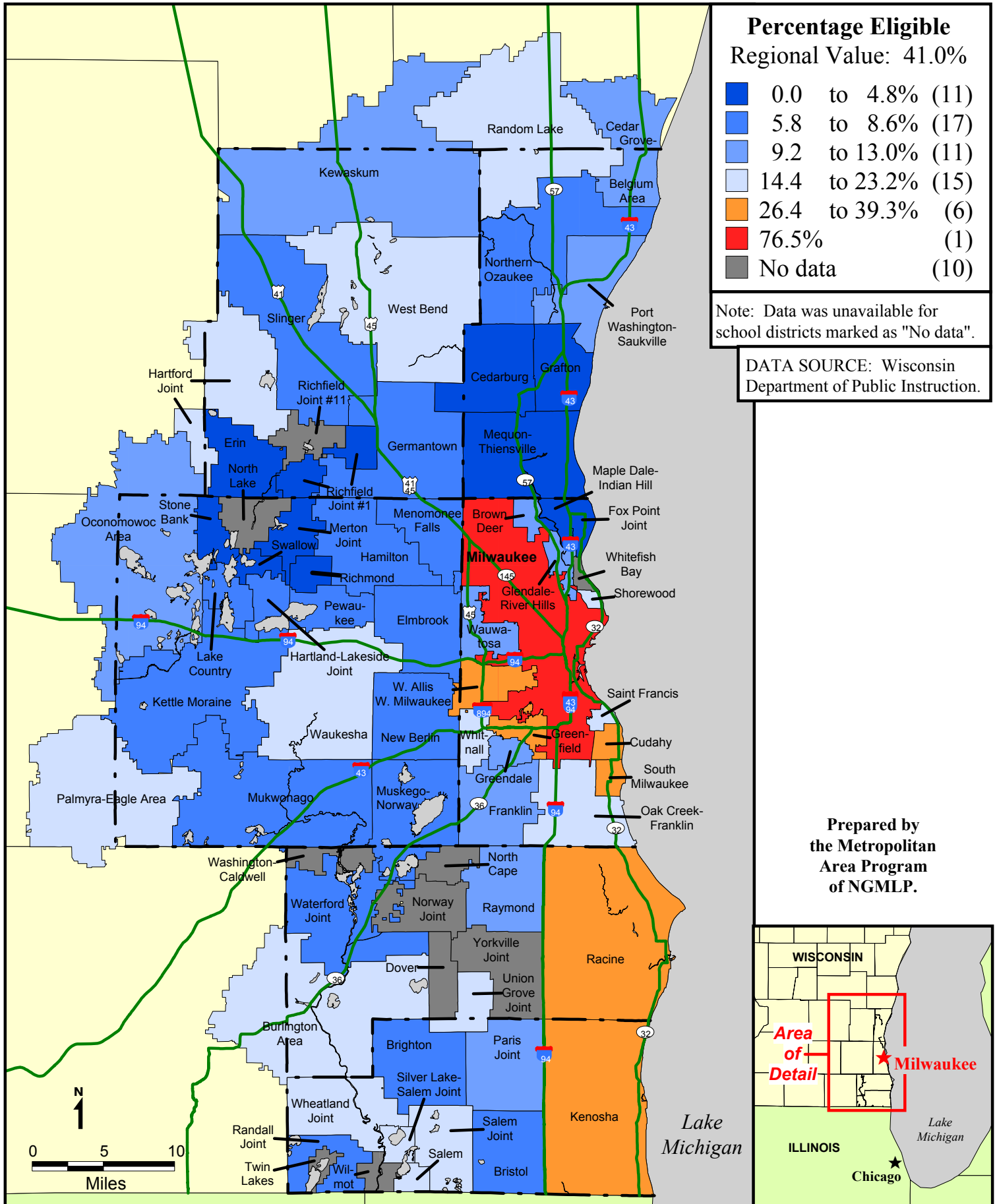
<sup>50</sup> Ibid.

<sup>51</sup> Ibid.; Susan E. Mayer, "How Much Does a High School's Racial and Socioeconomic Mix Affect Graduation and Teenage Fertility Rates?" 321-41 in *The Urban Underclass*; Jonathon Kozol, *Savage Inequalities: Children in America's Schools* (New York: Harper Perennial, 1991); Robert Crain and Rita Mahard, "School Racial Composition and Black College Attendance and Achievement Test Performance," *Sociology of Education* 51 no. 2, (1978): 81-101; Peter Scheirer, "Poverty, Not Bureaucracy: Poverty, Segregation, and Inequality in Metropolitan Chicago Schools," (Metropolitan Opportunity Project, University of Chicago, 1989).

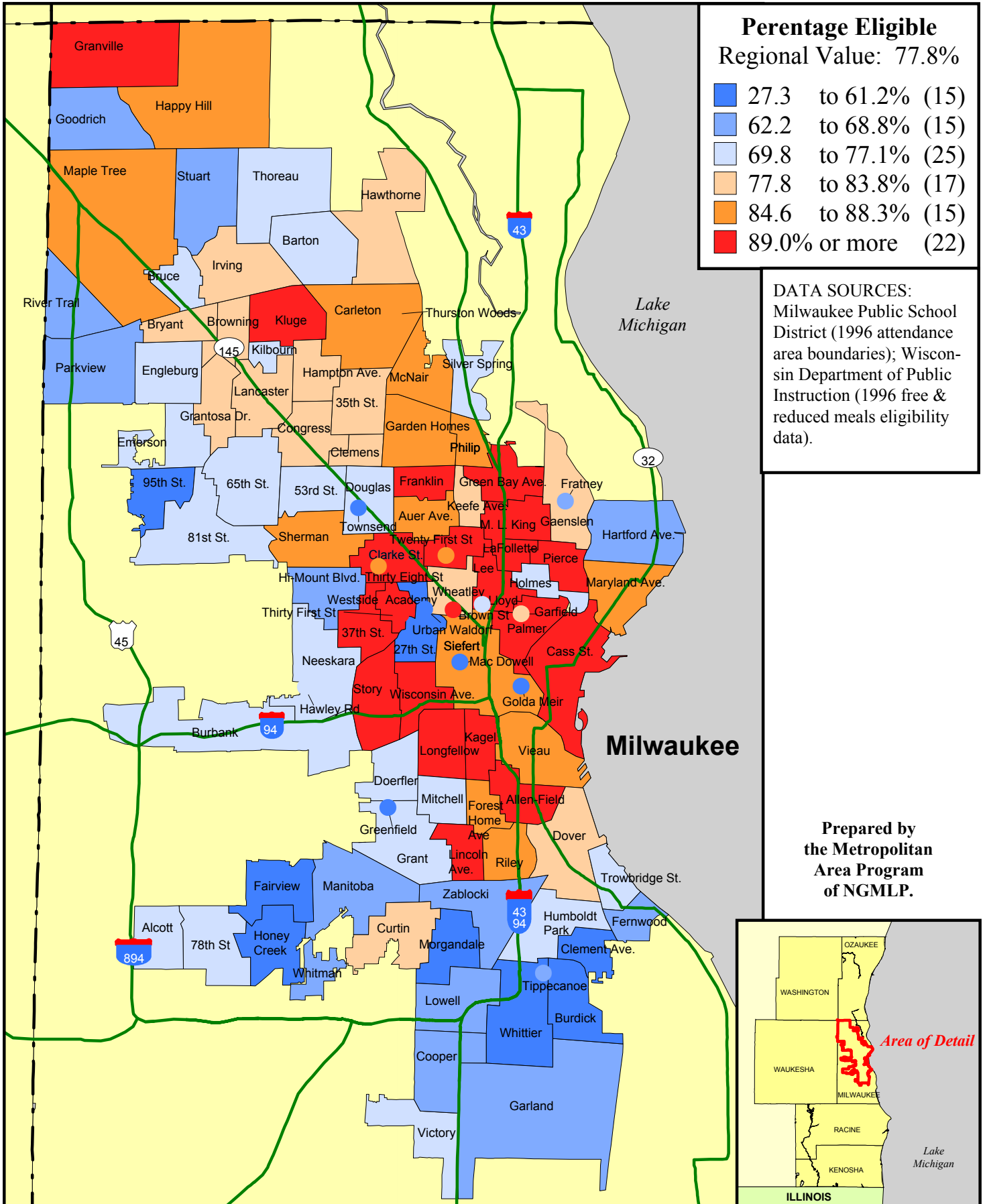
<sup>52</sup> 1996 School district and Milwaukee elementary school level free and reduced-cost meal data are from the Wisconsin Department of Public Instruction, Center for Education Statistics, "Wisconsin Elementary School Meals Eligibility Data".



# Figure 9: Percentage Elementary Students Eligible for Free and Reduced Meals by School District, 1996



# Figure 10: Percentage of Elementary Students Eligible for Free and Reduced Meals by School, 1996



students), and Racine (39.3 percent eligible students). School districts with the smallest percentage of poor students included Merton Community (2.9 percent eligible students), Cedarburg (2.6 percent eligible students), and Richfield Joint 1 (1.6 percent eligible students).

## 2. Minority Students

As poverty concentrates, so does the segregation of minority students. In 1996, 35.4 percent of all elementary students in the Milwaukee region were non-Asian minorities, or 55,540 students (Figure 11).<sup>53</sup> Seventy-nine percent of all non-Asian minority students in the region were in the Milwaukee school district, where 75.3 percent of all students in the elementary schools were non-Asian minorities and the degree of segregation was even more pronounced (Figure 12).<sup>54</sup> Other districts with large percentages of non-Asian minority students include South Milwaukee (13.1 percent), Whitefish Bay (14.1 percent), Brown Deer (22.3 percent), Kenosha (23.6 percent), and Racine (38.1 percent).<sup>55</sup> At the same time, there were eleven school districts with less than one percent non-Asian minority students including Oconomowoc Area (0.9 percent) and Slinger (0.6 percent).

As a whole, the percentage of non-Asian minority elementary students in the region's school districts increased by 5.4 percentage points between 1986 and 1996 (Figure 13).<sup>56</sup> The Milwaukee school district increased by 12.8 percentage points, from 62.5 percent non-Asian minority students in 1986 to 75.3 in 1996. The increases in percent minority students in the suburban districts of Whitefish Bay (7.0 percentage point increase—from 7.1 to 14.1 non-Asian minority students) and South Milwaukee (7.6 percentage point increase—from 5.5 to 13.1 percent non-Asian minority students) were not far behind the central city's increase.

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<sup>53</sup> 1996 School district level non-Asian minority data are from the Wisconsin Department of Public Instruction, Center for Education Statistics, "1996-97 Public Enrollment by County, District, School, Grade, Ethnicity and Gender".

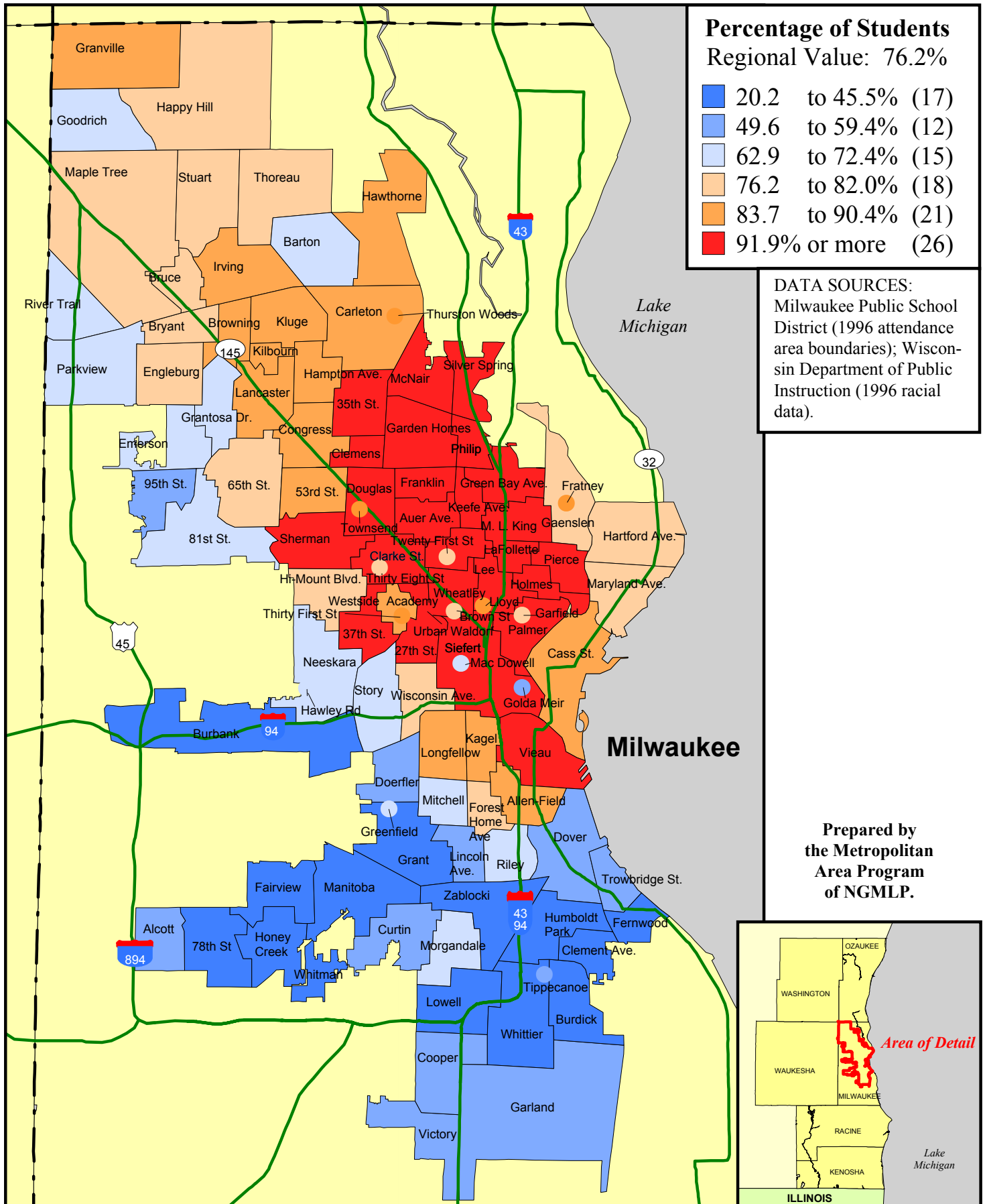
<sup>54</sup> Because Figure 12: Percentage Non-Asian Minority Elementary Students by School does not include the following city-wide schools, the regional value on this map is 76.2 percent non-Asian minority: Bruce-Guadalupe Bilingual, Carter Child Development, Elm Creative Arts, Hayes City-wide Bilingual, Headstart Central Services, Manitoba Orthopedic, Milwaukee French Immersion, Milwaukee German Immersion, Milwaukee Spanish Immersion, Stars Discovery Learning Center, Stars Early Childhood, Wisconsin Conservatory of Lifelong Learning. 1996 Milwaukee elementary school level non-Asian minority data are from the Wisconsin Department of Public Instruction, Center for Education Statistics, "1996-97 Public Enrollment by County, District, School, Grade, Ethnicity and Gender".

<sup>55</sup> An issue that needs to be examined further (possibly in the final draft of this report) is how much of the minority population in suburban schools is due to busing and how much is due to actual diversity in the communities. An initial examination suggests that much of the inner suburban minority student population is due to natural diversity. According to Leon Todd of the Milwaukee School Board, trends suggest that districts just north of the city, such as Shorewood and Whitefish Bay, will soon have 30 percent resident minority students. Even the affluent Glendale-River Hills School District, for example, was approximately 10 percent resident non-Asian minority in 1996.

<sup>56</sup> 1986 School district level non-Asian minority data are from the Wisconsin Department of Public Instruction, Center for Education Statistics, "Ethnic Enrollment/School Staff Summary by District".



# Figure 12: Percentage Non-Asian Minority Elementary Students by School, 1996





### 3. The Flight of White Preschool Children

The best available method to track white, school-related flight is to calculate the net loss of preschool white children between census periods. Because of the high correlation between being white and middle class, it is also a reasonably good surrogate for middle-class family flight. In 1980, there were 29,770 white preschool children from 0 to 4 years old in Milwaukee. Ten years later, there were only 19,208 white children between 10 to 14 years old remaining. Thus, over the decade Milwaukee experienced a net loss of 35.5 percent of its 1980 white preschool children (Figure 14).<sup>57</sup> The high need communities also lost white children over the decade, going from 27,964 children ages 0 to 4 in 1980 to 25,410 ages 10-14 in 1990 (-9.1 percent). The middle-class communities and the affluent suburbs, on the other hand, increased their number of white children between 1980 and 1990. Over the decade, the latter gained almost half as many white children as it had in 1980—from 7,416 children ages 0 to 4 in 1980 to 10,912 ages 10 to 14 in 1990 (47.1 percent).

#### Percentage Change from White Children Ages 0-4 in 1980 to White Children Ages 10-14 in 1990

<u>Region</u>	<u>Affluent Suburbs</u>	<u>Middle-class Communities</u>	<u>High Need Communities</u>	<u>Milwaukee</u>
-2.4	47.1	24.4	-9.1	-35.5

Seventeen suburban communities lost more than 10 percent of their white children between 1980 and 1990: ten were high need and seven were middle-class. Those that lost the greatest percentage of white children include, Racine, which went from 5,293 white children between 0 and 4 in 1980 to 4,285 between 10 and 14 in 1990 (-19.0 percent) and Sturtevant, which, going from 396 between 0 and 4 in 1980 to 269 between 10 and 14 in 1990 (-32.1 percent), lost an almost equal percentage of its white children as did Milwaukee. On the other hand, there were fifteen communities that, by 1990, had gained more than 30 percent of the number of white children they had in 1980—all but three were affluent suburbs. Five suburbs (all affluent) gained more than 50 percent white children. Communities that gained the greatest percentage of white children include, Mequon (46.6 percent—from 973 to 1,426), Brookfield (61.3 percent—from 1,582 to 2,551), and Elm Grove (84.7 percent—from 222 to 410).

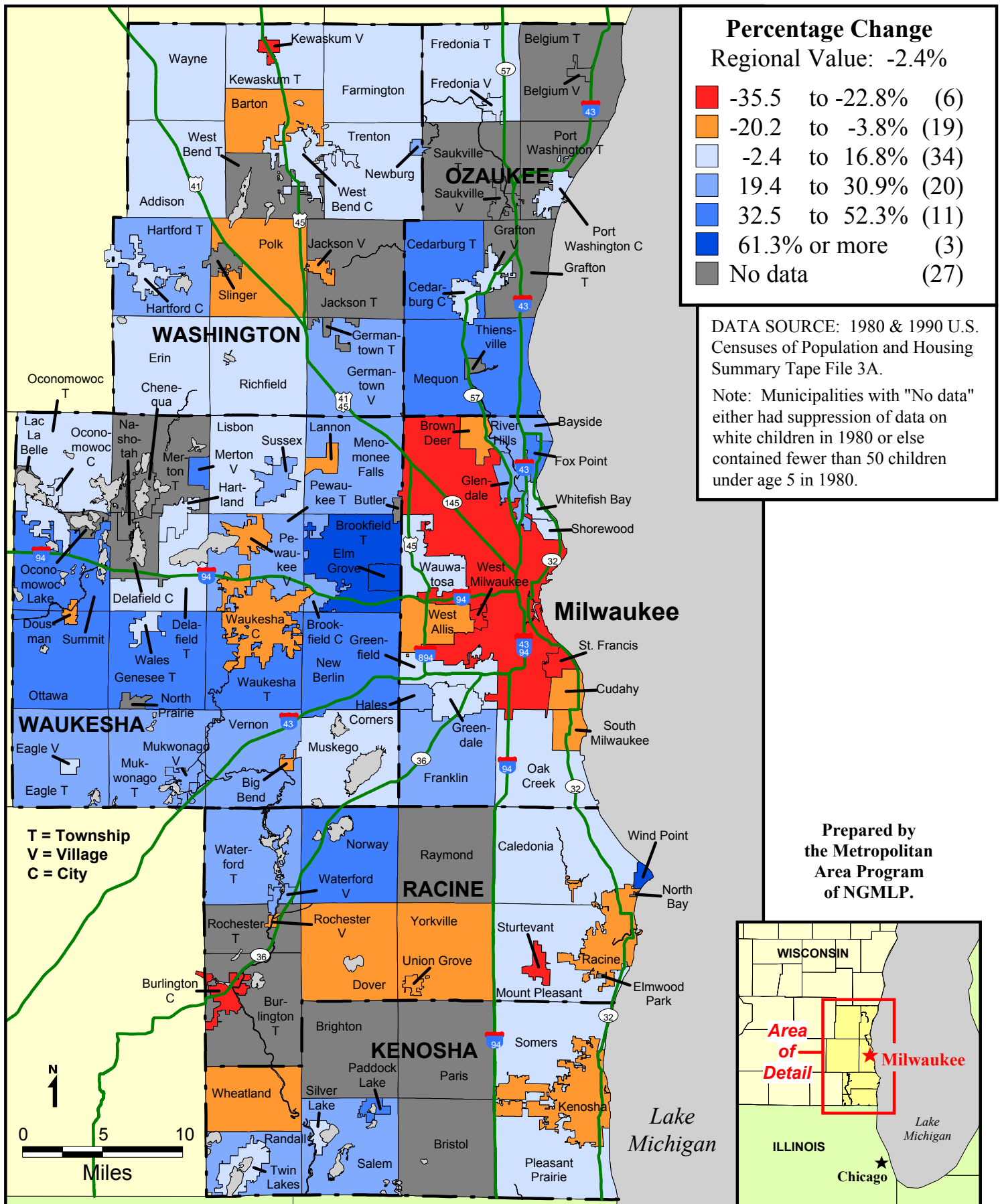
#### E. Crime

In 1996 there were 5,061 Part I crimes per 100,000 persons (Figure 15) and 448 violent crimes per 100,000 persons region-wide.<sup>58</sup> The crime rate for the city of Milwaukee was 8,095 Part I crimes and 966 violent crimes per 100,000 residents. Racine, at 7,330, and Glendale, at 7,162, were close to Milwaukee in Part I crimes per 100,000 persons. And the city of West Milwaukee at 1,151, actually exceeded the central city in violent crimes per 100,000 persons.

<sup>57</sup> 1980 and 1990 white children data are from the US Census Summary Tape File 3A.

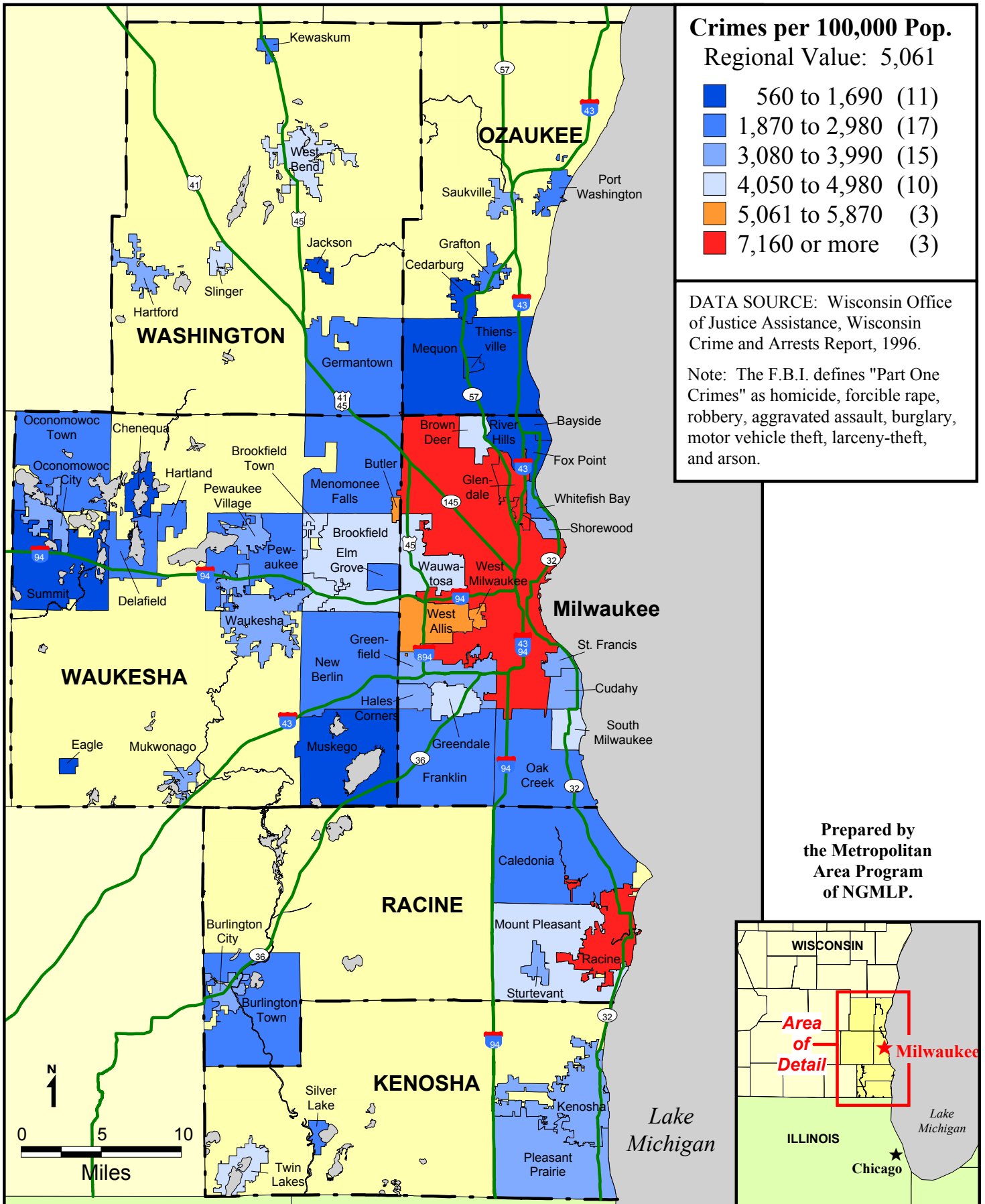
<sup>58</sup> All municipality-level crime data are from the Wisconsin Office of Justice Assistance, Wisconsin Crime and Arrests Reports, 1996. The Part I crime category includes willful homicide, forcible rape, robbery, aggravated assault, burglary, larceny-theft, motor vehicle theft, and arson. The violent crimes category is a subset of Part I crime and consists of willful homicide, forcible rape, robbery, and aggravated assault. (Definitions provided by the Criminal Justice Statistics Center).

**Figure 14: Percentage Change from White Children 0-4 in 1980 to 10-14 in 1990 by Municipality**





**Figure 15: Part One Crimes per 100,000 Persons  
by Police Jurisdiction, 1996**



Between 1986 and 1996, Part I crime rates per 100,000 persons declined by 8.2 percent across the region (Figure 16) and violent crimes declined by 12.5 percent. While the Part I crime rate in the central city of Milwaukee remained stable (0 percent change) and the violent crime rate decreased—from 1,008 to 966 crimes per 100,000 persons (-4.2 percent), crimes rates in many suburban communities increased considerably. Twelve of the region’s fifty-two communities with their own police jurisdictions increased in Part I crimes by more than 10 percent. Five increased by more than 25 percent. Jurisdictions that saw the greatest increases in Part I crimes were Wauwatosa—from 3,942 to 4,978 crimes per 100,000 persons (26.3 percent), Saukville—from 2,736 to 3,810 crimes per 100,000 persons (39.3 percent), and Waukesha—from 2,007 to 3,179 crimes per 100,000 persons (58.4 percent). Interestingly, the small village of Kewaskum (1996 population of approximately 3,000), the northernmost community in the region, had the greatest increase in both Part I (102.9 percent—from 1,333 to 2,705 per 100 persons) and violent crime (283.5 percent—from 43 to 165 per 100 persons) of all jurisdictions in the region.

## **F. Infrastructure**

Pundits say regionalism is impossible in America. But in terms of transportation spending, regionalism has been going on for at least twenty years. Money for highways comes from federal, state, and local coffers. Everyone in the region contributes through their taxes and, theoretically, everyone shares this highway money in the form of highway improvements. But where is the money actually spent? In many regions, a majority of transportation dollars go to outer-ring, affluent, developing communities, as they build new infrastructure to lure homebuilders and industries. This continual increase in highway capacity intensifies the mismatch between the location of jobs and workers, and exacerbates the overall socioeconomic polarization occurring between central cities and growing outer communities.<sup>59</sup> Homeowners who choose to buy in communities developing on the fringes of urbanized areas frequently have to drive long hours to get to and from their places of work in the city or in other growing suburbs, increasing the strain on the transportation system.

Meanwhile, for many people the opposite problem holds true: their place of work moves to the suburbs, but the community’s restrictions on affordable housing development prevents them from moving there too. The urban planner Robert Cervero at Berkeley has shown that upwards of 40 percent of the automobiles that clog highways at rush hour are driven by people who cannot afford to live close to their work.<sup>60</sup> Cervero suggests fair housing, including barrier removal, as one of the most important ways to reduce freeway congestion.<sup>61</sup> Although the effectiveness of jobs-housing balance in reducing freeway congestion continues to be hotly debated, a recent study by Cervero found that during the 1980’s, in the absence of regional

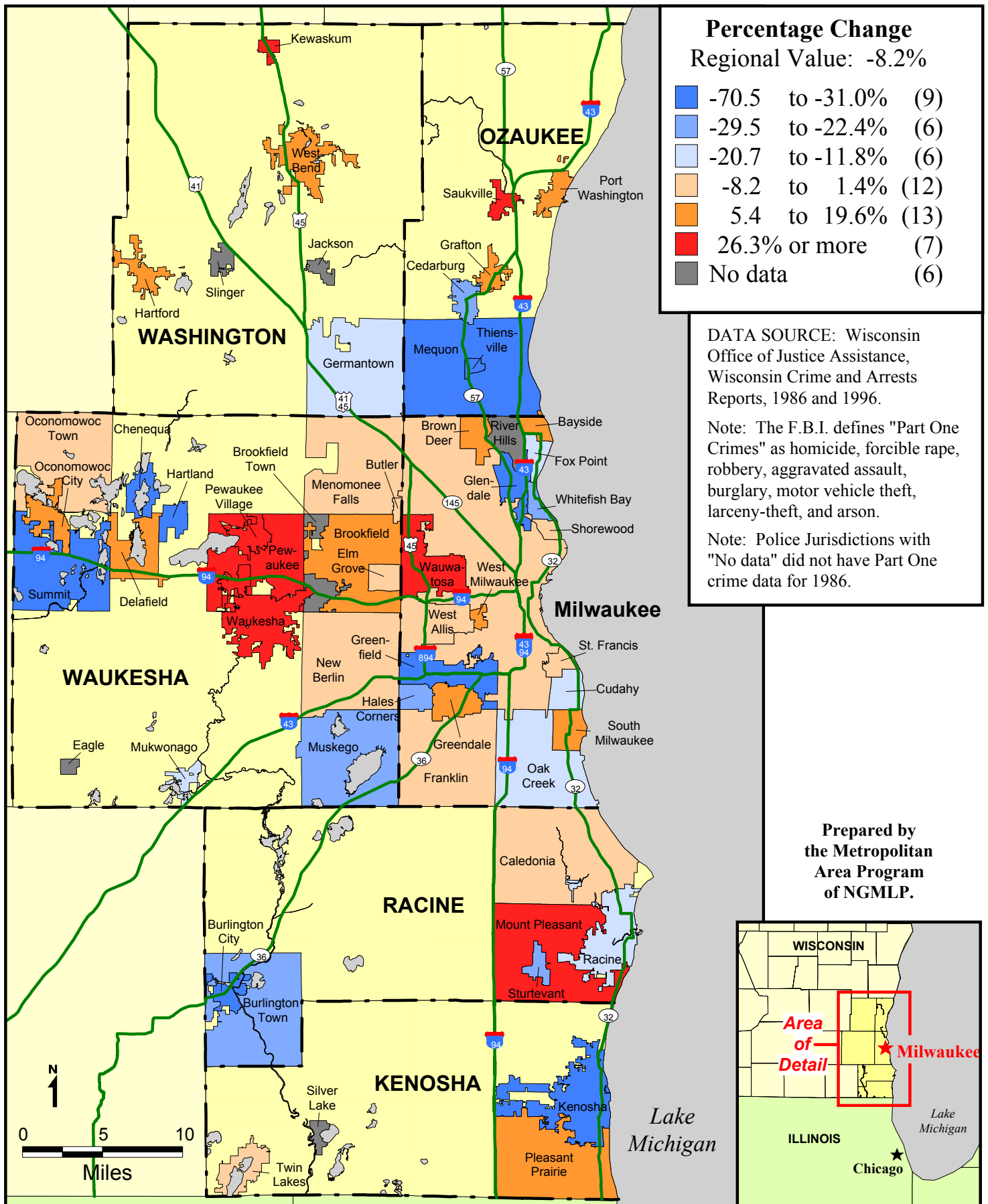
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<sup>59</sup> Yale Rabin, “Highways as a Barrier to Equal Access,” *Annals of the American Academy of Political Science* (1974). See generally Metropolitan Planning Council of Chicago, “Trouble in the Core.”

<sup>60</sup> Robert Cervero, “Jobs-Housing Balance and Regional Mobility,” *American Planning Association Journal* (Spring 1989): 136 Citistates; Id., “Jobs-Housing Balance as Public Policy,” *Urban Land* (October 1991): 10. John Williams, a researcher for the Minnesota House of Representatives, has duplicated the research of Cervero in the Twin Cities metropolitan area and found very similar results.

<sup>61</sup> Ibid.

# Figure 16: Percentage Change in Part One Crimes by Police Jurisdiction, 1986-1996



planning, imbalances between jobs and housing became more acute in wealthy cities that had a surplus of jobs.<sup>62</sup>

New highway capacity does not necessarily serve the city in which the highway construction actually occurs. Freeway lane widenings mean increased traffic, pollution, and encroachment of noise on communities. These neighborhoods must choose between soundwalls and noise, both of which lower property values and quality of life. Instead, the areas that actually benefit from increased new capacity are the areas to which traffic is being directed, improving access for commuters both into and out of the community.

Between 1987 and 1996, \$854 million (in 1996 dollars) was spent in the six-county Milwaukee region on federally funded highway improvement projects (Figure 17).<sup>63</sup> About half this amount was spent on adding new capacity to the region's highway system. This was money that belonged to every citizen of the region, but where exactly was it spent? Predictably, it flowed north and west of the city to the growing economies of Waukesha County and southern Washington and Ozaukee Counties. Six of the region's seven most expensive highway improvement projects were on highways serving this part of the region. Three of these projects added new capacity to those affluent communities: the freeway conversion of U.S. Highway 41 in Washington County (\$44 million), major improvements to Highway 16 from Pewaukee Road to Oconomowoc in Waukesha County (\$38 million), and work on Bluemound Road through Elm Grove and Brookfield (\$27 million). Other large projects that greatly improved access to and from the affluent northern and western suburbs included the total reconstruction of the north-south freeway, Highway 43 (\$45 million), and the reconditioning of Highway 94 in Waukesha County (\$25 million).

As of June 1997, the Wisconsin Department of Transportation had projects totaling approximately \$804 million scheduled to be completed between 1997 and 2003 (Figure 18). Nearly forty percent of this amount (\$306 million) is earmarked for the east-west commuter freeway, I-94, again primarily serving the affluent, high tax base communities of Waukesha County. Scheduled work on this interstate includes total reconstruction at the Marquette interchange in downtown Milwaukee (serving commuters from all parts of the region), resurfacing from that point west to the Milwaukee County line, and reconstruction at the County Trunk Highway G interchange west of Waukesha.

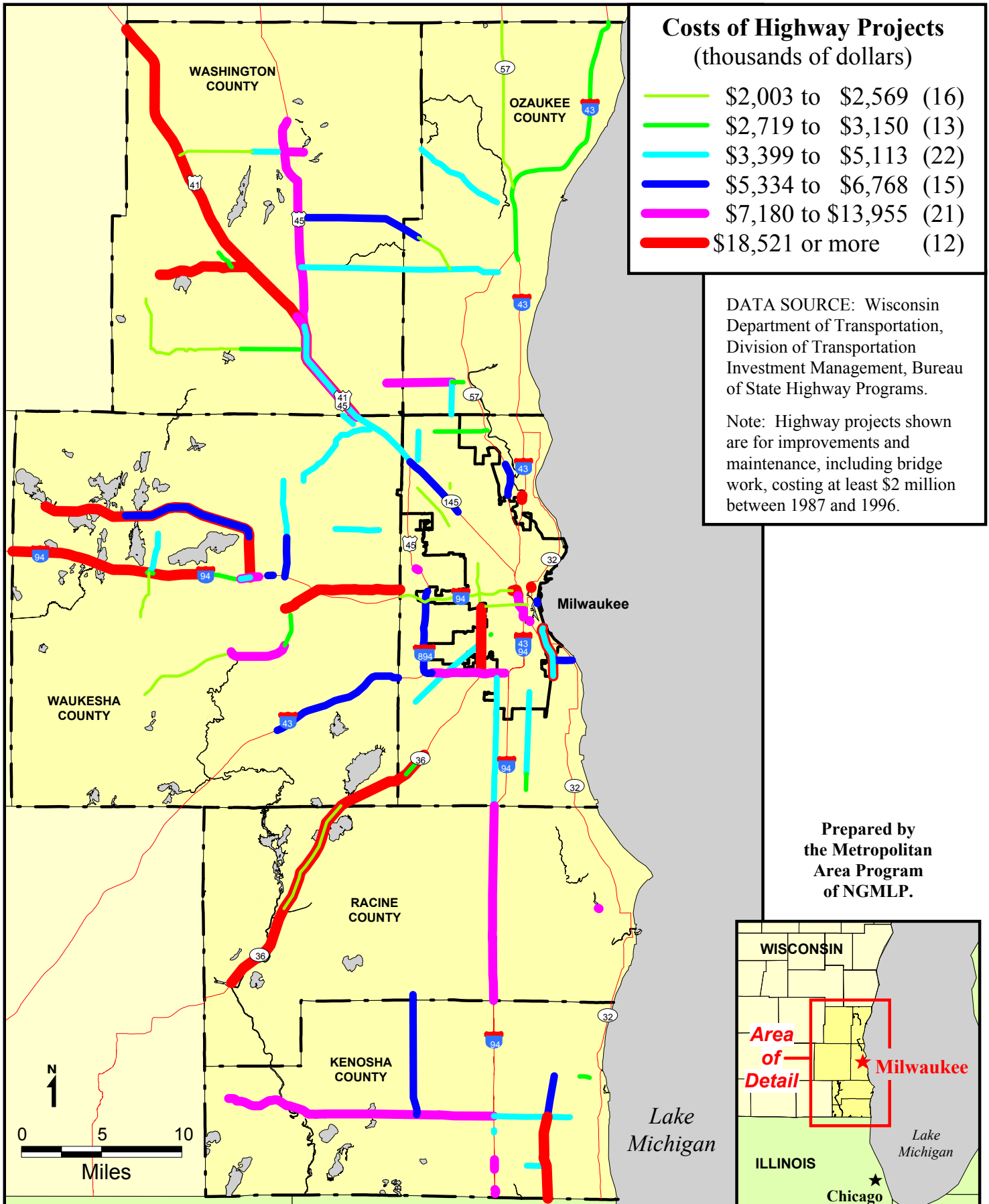
The rationale behind targeting large amounts of regional highway monies to the fast-growing and affluent parts of the region is two-fold. First, an increase in highway capacity is needed in the high tax base areas north and west of the city to help increase access and support the fast-growing economies of these areas. Second, improvements to old or the construction of new highways through areas that are struggling economically would theoretically be beneficial to those areas, primarily by providing easier access for commuters, which in turn would lead to increased development and economic recovery in those areas. The negative aspects of these construction projects are also two-fold. First, the projected \$804 million to be spent of highway

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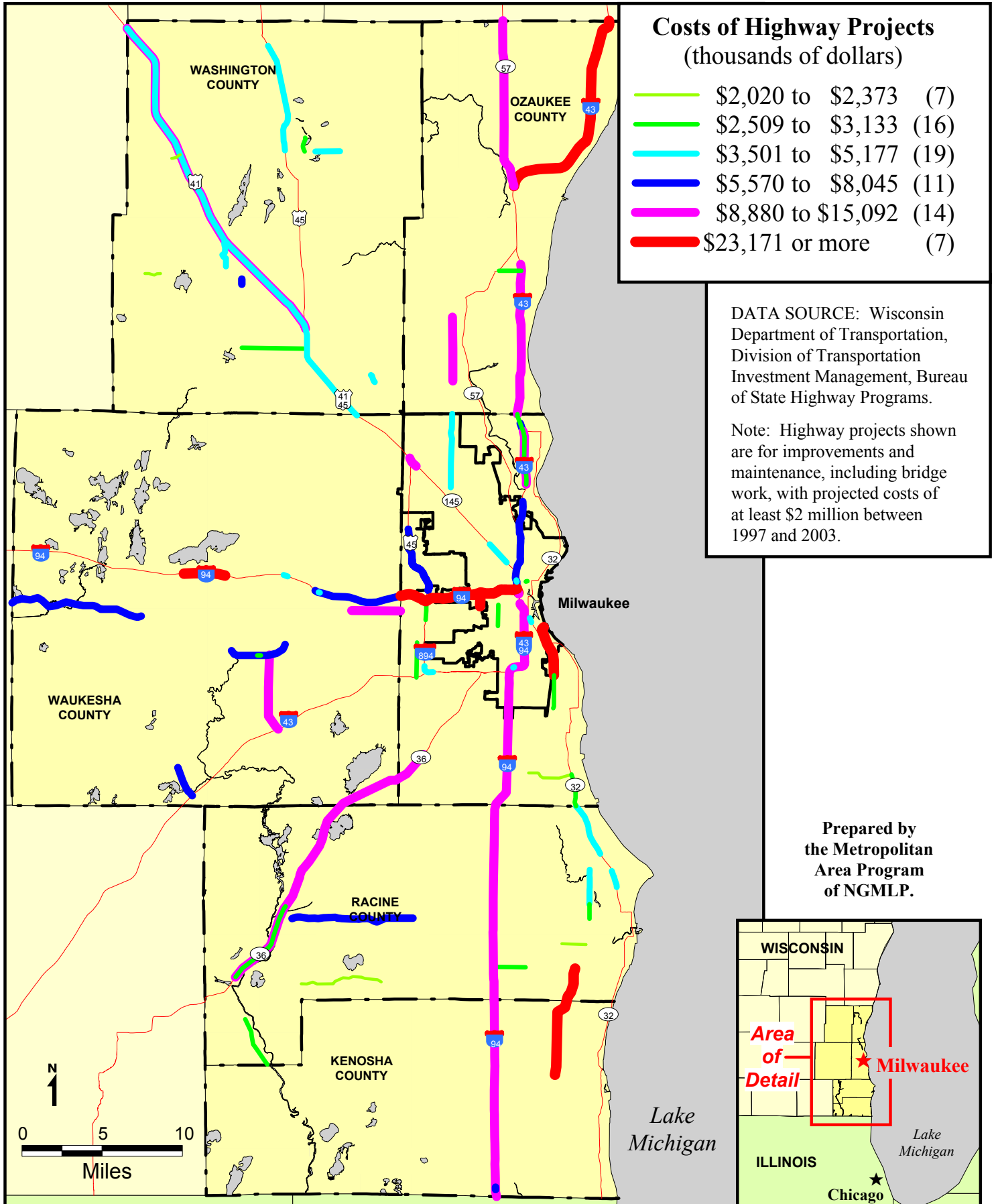
<sup>62</sup> Robert Cervero, "Jobs-Housing Balance Revisited," *American Planning Association Journal* (Autumn 1996).

<sup>63</sup> This figure includes only improvement and maintenance projects that cost at least \$2 million. All highway spending data are from the Wisconsin Department of Transportation, Division of Transportation Investment Management, Bureau of State Highway Programs.

# Figure 17: Highway Spending, 1987-1996



# Figure 18: Projected Highway Spending, 1997-2003



improvements in the region in the next five years will come from the taxpayers of the entire Milwaukee metropolitan area, yet will primarily benefit those people and industries located in Waukesha County, which is already a high tax base area. Second, much of the region's new capacity only serves to encourage growth at the fringes of the metropolitan area, leading to greater urban sprawl and the economic and environmental problems that accompany it.

### **G. Sprawl and Land Use**

According to the U.S. Census Bureau, a city's urbanized area consists of the central city and its adjacent urban fringe, including all territory settled at the density of at least 1,000 persons per square mile. In the six-county Milwaukee region there were three areas designated by the Census Bureau in 1990 as urbanized areas (Figure 19). The largest of these is the Milwaukee urbanized area, which includes all of Milwaukee County, eastern Waukesha County, southern Ozaukee County, and the southeast corner of Washington County. The Racine and Kenosha urbanized areas cover the cities of Racine and Kenosha and much of the area immediately surrounding those cities.

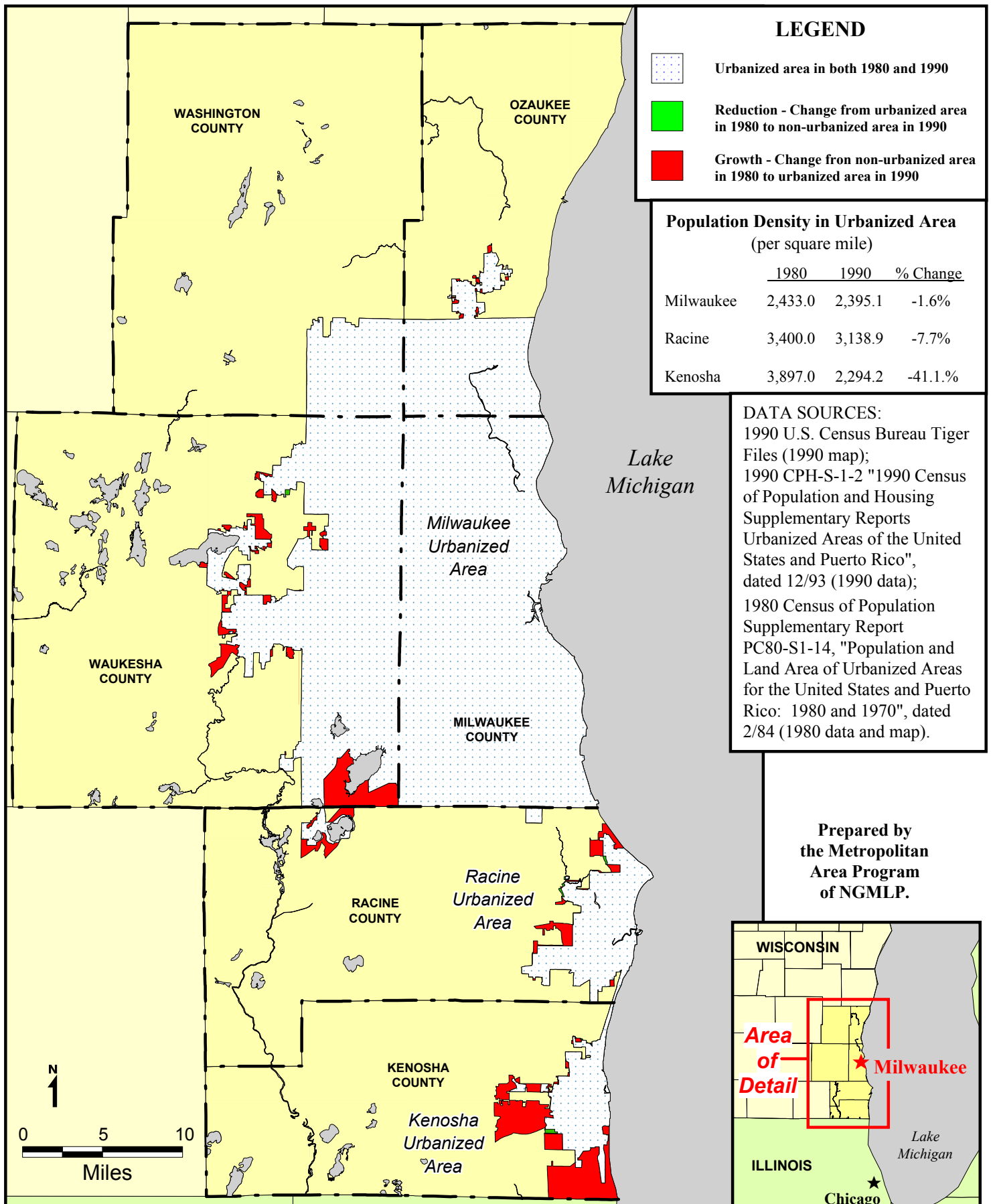
Between 1980 and 1990, the combined population of all three urbanized areas of the Milwaukee region increased by 2.2 percent (from 1,411,737 to 1,442,373) while the total land area increased by 7 percent (from 553 to 592 square miles). This means that altogether the urbanized areas of the region became slightly less dense over the decade, going from 2,553 to 2,437 persons per square mile (a 4.5 percent decrease in population density). The Kenosha urbanized area decreased the most in density—by over 40 percent—going from 3,897 to 2,294 persons per square mile. In terms of where the actual growth occurred, most of the region's increase in census designated urbanized area occurred to the south and west of Kenosha, in southeastern Waukesha County, and to a lesser extent, north and west of Racine and north and west of Waukesha.

The Southeastern Wisconsin Regional Planning Commission (SWRPC) also tracks change in urban population and urban land area<sup>64</sup> for the Milwaukee region. According to the SWRPC the six-county Milwaukee region as a whole became 10 percent less dense between 1980 and 1990 when the region's urban population increased by 2.8 percent (from 1,681,979 to 1,728,641 persons) and urban land area increased by 14.4 percent (from 417.4 to 477.4 square miles). Even more striking, the region decreased in density by 31 percent between 1970 and 1990, during which time the region's urban population increased by only 3.4 percent (from 1,670,998 to 1,728,641 persons), while urban land area increased by half its 1970 size (from 318.4 to 477.4 square miles). During this period the greatest decreases in population density occurred in fast-growing, affluent Waukesha and Washington Counties. Waukesha County increased its urban population by 33.5 (from 227,405 to 303,681) but doubled its urban land area (from 72.3 to 144.4 square miles). Washington County increased its urban population by just over half its 1970 population (63.3 percent)—from 57,162 to 93,339 persons—but nearly quadrupled its 1970 urban land area (191.5 percent)—from 14.1 to 41.1 square miles.

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<sup>64</sup> The SWRPC defines urban land area as “a concentration of residential, commercial, industrial, and institutional buildings with their associated yards, parking areas, and service areas, having a combined area of at least five acres. Urban land uses which have few, if any, structures – such as cemeteries and parks – are considered urban when they are effectively surrounded by intensive urban development.” The SWRPC uses urban and rural non-farm population figures reported by the U.S. Bureau of the Census.

# Figure 19: Change in Urbanized Area, 1980-1990





## Change in Population Density, 1970-1990

<u>Area</u>	<u>1970</u>	<u>1990</u>	<u>Percent Change</u>
<b>ENTIRE 6-COUNTY REGION</b>			
Urban Population	1,670,998	1,728,641	3.4
Urban Land Area (sq. miles)	318.4	477.4	49.9
Population Density (persons/sq.mi)	5,248.1	3,620.9	-31.0
<b>Kenosha County</b>			
Urban Population	114,620	126,990	10.8
Urban Land Area (sq. miles)	26.3	37.4	42.2
Population Density (persons/sq.mi)	4,358.2	3,395.5	-22.1
<b>Milwaukee County</b>			
Urban Population	1,054,249	959,275	-9.0
Urban Land Area (sq. miles)	149.9	170.8	13.9
Population Density (persons/sq.mi)	7,033.0	5,616.4	-20.1
<b>Ozaukee County</b>			
Urban Population	51,337	71,757	39.8
Urban Land Area (sq. miles)	19.9	32.5	63.3
Population Density (persons/sq.mi)	2,579.7	2,207.9	-14.4
<b>Racine County</b>			
Urban Population	166,225	173,599	4.4
Urban Land Area (sq. miles)	35.9	51.2	42.6
Population Density (persons/sq.mi)	4,630.2	3,390.6	-26.8
<b>Washington County</b>			
Urban Population	57,162	93,339	63.3
Urban Land Area (sq. miles)	14.1	41.1	191.5
Population Density (persons/sq.mi)	4,054.0	2,271.0	-44.0
<b>Waukesha County</b>			
Urban Population	227,405	303,681	33.5
Urban Land Area (sq. miles)	72.3	144.4	99.7
Population Density (persons/sq.mi)	3,145.3	2,103.1	-33.1

## H. Fiscal Disparities

### 1. Overview

When the property tax is a basic revenue source for local governments with land-planning powers, fiscal zoning occurs as jurisdictions compete for property wealth. Through fiscal zoning, cities deliberately develop predominantly expensive homes and commercial-industrial properties with low social service needs.<sup>65</sup> In such a way, they wall out lower-cost

<sup>65</sup> D. Winsor, *Fiscal Zoning in Suburban Communities* (1979); B. Rolleston, "Determinants of Restrictive Suburban Zoning: An Empirical Analysis," *Journal of Urban Economics* 21 (1987): 1-21; M. Wasylenko, "Evidence of Fiscal Differentials and Intrametropolitan Firm Relocation," *Land Economics* 56 (1980): 339-56; Cervero, "Regional Mobility."

housing and associated social needs and keep demands on tax base low. Spreading these controlled needs over a broad, rich property tax base further reduces property tax rates.

The dynamic of fiscal zoning creates three sets of mutually reinforcing relationships. First, the residentially exclusive, established suburbs with low property tax rates continue to attract more and more business, the presence of which continually lowers the overall tax rate. Because of low social needs, these cities can provide a few high quality local services. School districts in these cities thrive by educating a pool of upper-middle class students off a rich tax base with low tax rates.

A second reinforcing relationship involves those cities that are experiencing increasing social needs on a declining property tax base. This combination leads to both declining consumer demographics and increased property tax rates, resulting in fewer and less adequate public services. All of these factors are large negatives in terms of business location and retention. Often, central cities and inner, older suburbs and school districts spend a great deal on unsuccessful efforts to become more socioeconomically stable, as their tax base evaporate out from under them.

The third relationship concerns the developing suburbs that lose the battle of fiscal zoning. These are fast-growing suburbs that have not yet attracted business or executive housing and must pay for their schools, police, parks, curbs, and gutters with fewer resources. To keep property tax rates from exploding, they are forced to abandon long-range thinking and frantically build the lower-valued homes and multi-family units rejected by the wealthier suburbs. As a council member from a northern low tax-base Twin Cities suburban community told me, “In order to pay the bills, we build whatever is left. Hell, we’ll build anything that moves.” These decisions, in the long run, catch up with working- and middle-class suburbs and they become the declining suburbs of tomorrow. Further, in a perhaps futile attempt to remain competitive in terms of property taxes, working- and middle-class, developing communities often suppress local expenditures on public services, particularly on schools.

The increase of property wealth in some outer and developing suburbs and the stagnancy or decline of property values in the central cities and older, inner suburbs represents an interregional transfer of tax base. As such, the loss of value in older poorer communities is one of the costs of economic polarization and urban sprawl. Federal, state, and local governments spend billions of dollars building infrastructure such as schools, freeways, and sewers which add enormous value to growing parts of the region. To the extent that these public expenditures serve to transfer value, they are wasted. Adding to this dysfunction, the infrastructure of new cities is paid for by taxes and fees levied on the residents and businesses of the older parts of the region.

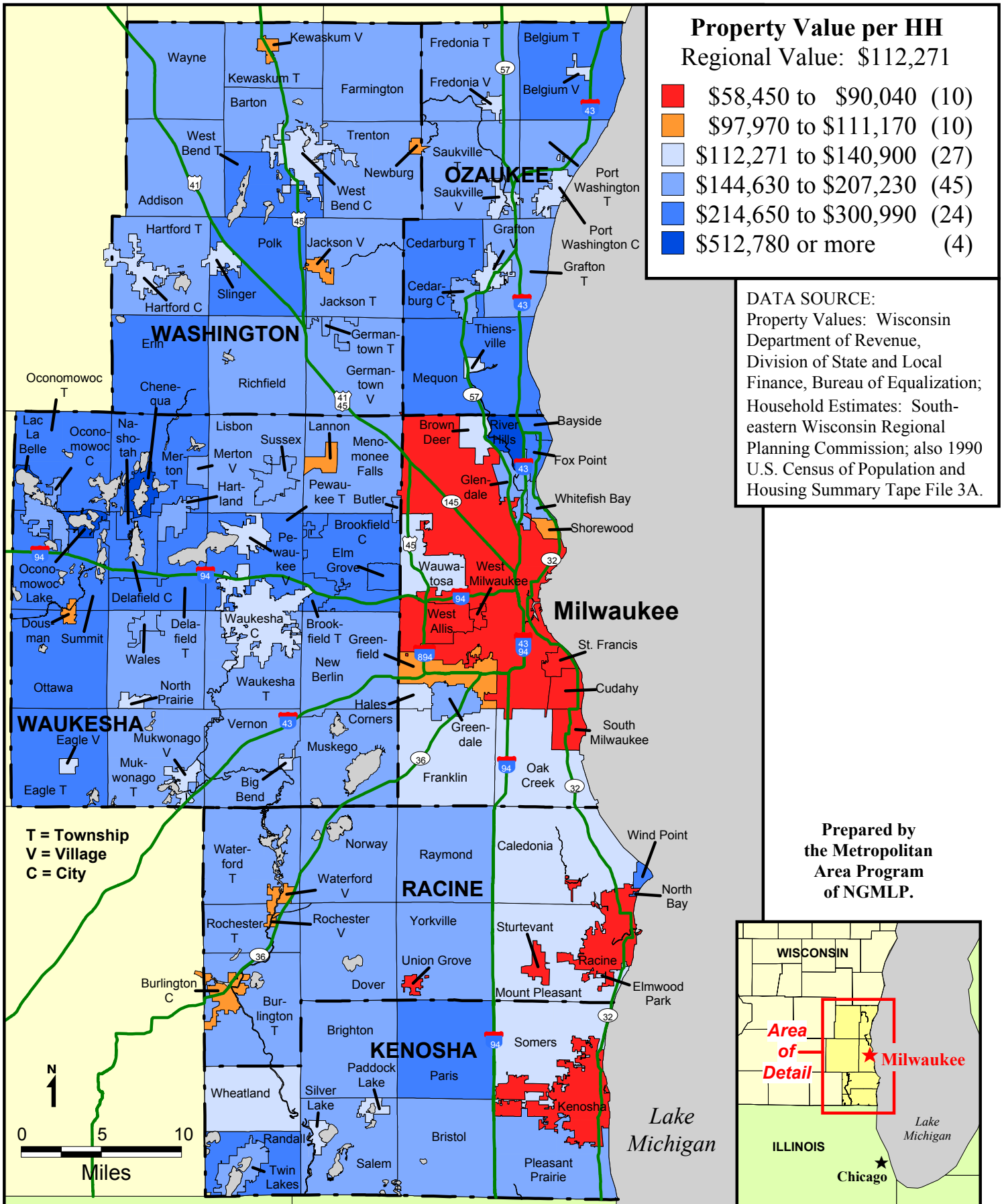
## **2. Cities**

In the Milwaukee metropolitan region, in the places where social needs are highest, overall property tax base is comparatively low. In 1996, the average property value per household was \$112,271 (Figure 20).<sup>66</sup> The city of Milwaukee, at \$58,450, had the lowest tax base per household in the region. The overall tax base per household in the high need

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<sup>66</sup> Property value figures include land and improvements in all real estate classes and were obtained from the Wisconsin Department of Revenue, Division of State and Local Finance, Bureau of Equalization.

**Figure 20: Total Property Value per Household by Municipality, 1996**



communities was about 84 percent of the regional average (\$94,689), while the affluent suburbs overall tax base was about 231 percent of the regional average (\$259,553).

**Total Property Value per Household, 1996**

<u>Region</u>	<u>Affluent Suburbs</u>	<u>Middle-class Communities</u>	<u>High Need Communities</u>	<u>Milwaukee</u>
\$112,271	\$259,553	\$151,497	\$94,689	\$58,450

The average property value per household in some suburban communities was not much greater than in Milwaukee. Ten suburbs had property values per household of less than \$100,000, including West Allis (\$85,712), Cudahy (\$80,563), Sturtevant (\$75,912), and Racine (\$68,031). At the other end, eleven affluent suburbs had average property values per household greater than \$265,000, including both the city and township of Brookfield (\$265,847 and \$278,519 respectively) and Merton township (\$268,321). Five suburbs actually had tax bases per household greater than \$300,000 including Mequon (\$300,984), River Hills (\$517,653), and the highest in the region, Oconomowoc Lake (\$739,108).

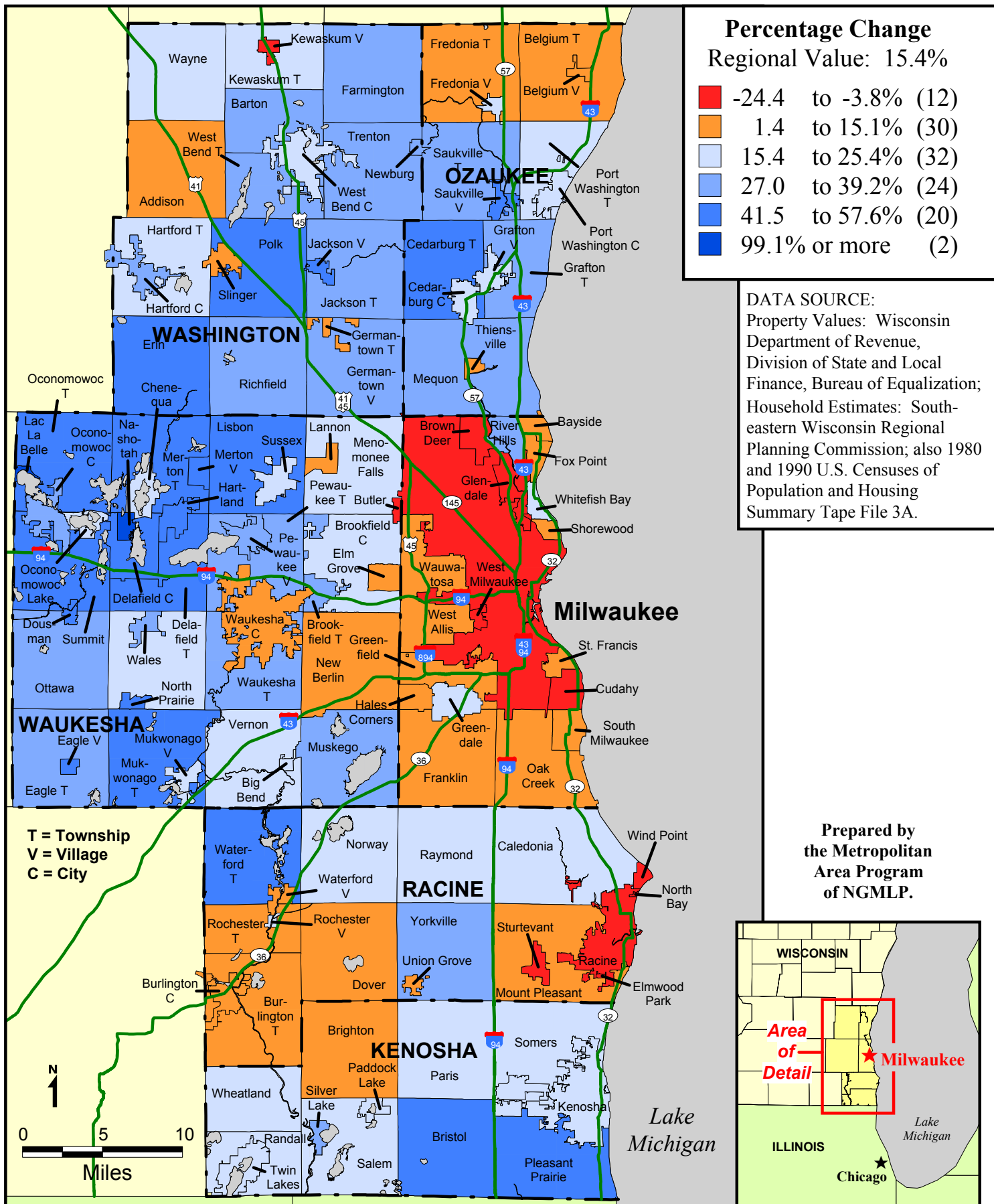
Between 1986 and 1996 the Milwaukee region as a whole experienced a 15.4 percent increase in overall tax base per household, from \$97,297 in 1986 (in 1996 dollars) to \$112,271 in 1996 (Figure 21). The city of Milwaukee declined slightly during this period in tax base per household (by 8.9 percent), going from \$64,138 to \$58,450, while all three suburban groups increased. The high need subregion increased its overall tax base per household by 10.6 percent—from \$85,579 to \$94,689. The middle-class communities increased by 18.3 percent—from \$128,071 to \$151,497. And the affluent suburbs saw an increase in tax base per household of 28.3 percent—from \$202,356 to \$259,553.

**Percent Change in Property Value per Household, 1986-1996**

<u>Region</u>	<u>Affluent Suburbs</u>	<u>Middle-class Communities</u>	<u>High Need Communities</u>	<u>Milwaukee</u>
15.4	28.3	18.3	10.6	-8.9

While overall the region did quite well between 1986 and 1996 in terms of property tax base per household, the individual cities that lost tax base, lost big. Only eleven suburban communities (mostly older, inner-ring suburbs) declined in property value per household during this period, but four of these lost more per household than Milwaukee. These included the inner-ring Racine suburbs of Sturtevant, which went from \$85,986 to \$75,912 (-11.7 percent) and Elmwood Park, which went from \$158,792 to \$139,634 (-12.1 percent). West Milwaukee, which went from \$92,078 to \$69,640 in tax base per household, lost more than any other city in the region (-24.4 percent). Middle-class suburbs just north of Milwaukee also lost considerable tax base per household, such as Brown Deer, which went from \$137,301 to \$129,204 (-5.4 percent) and Glendale, which went from \$197,267 to \$182,762 (-7.4 percent). The satellite city of Kewaskum went from \$103,357 to \$97,976 in tax base per household (-5.2 percent). On the other hand, many of the cities with the highest tax bases per household in 1986 increased the most over the decade, including River Hills, which went from \$376,421 to \$517,653 (37.5 percent) and Mequon, which went from \$216,226 to \$300,984 (39.2 percent). Ten communities actually saw increases in their tax base per household of more than 50 percent, most located in northwestern Waukesha County, such as Delafield township, which went from \$177,977 to

# Figure 21: Percentage Change in Total Property Value per Household by Municipality, 1986-1996



\$268,096 (50.6 percent) and Merton township, which went from \$176,801 to \$268,321 (51.8 percent).

### 3. School Districts

In 1996 there was nearly a three-to-one disparity in annual spending per student in the Milwaukee region, where the regional average was \$7,754 per student (Figure 22).<sup>67</sup> Interestingly enough, the central city of Milwaukee, which spent \$7,582 per student, was not among the lowest spenders. Thirty-seven suburban districts spent less than Milwaukee. The districts that spent the least per student were predominantly located in Racine County and included Burlington Area, which spent \$4,897 per student, and Salem J2, which spent \$5,604 per student. Slinger (\$6,654) and West Bend (\$6,804) in Washington County also spent very little per student. The schools that spent the most on their students were primarily located just north, southwest, and west of Milwaukee. Top spenders included Shorewood (\$9,884 per student), Glendale-River Hills (\$10,106), Fox Point J2 (\$11,597), and Maple Dale-Indian Hill (\$13,229).

#### I. Jobs

##### 1. Overview

In 1996, the Milwaukee region as a whole had 57.4 jobs per 100 persons (Figure 23).<sup>68</sup> Cities with the fewest jobs per capita were primarily inner suburbs of Milwaukee and outlying satellite cities and included Franklin (26 jobs per 100 persons), Muskego (23 jobs per 100 persons), and Twin Lakes (16 jobs per 100 persons). Cities with the most jobs per capita were often high tax base, growing suburbs west of the city, such as Elm Grove (87 jobs per 100 persons), Brookfield (101 jobs per 100 persons), and Nashotah (117 jobs per 100 persons).

Between 1986 and 1996, the region as a whole increased in jobs per 100 persons by 20.3 percent, going from 47.7 to 57.4 (Figure 24). During this high job-growth period for the region, even the city of Milwaukee increased in jobs per capita by 5.6 percent (from 52 to 55 jobs per 100 persons). Eleven suburban (mostly middle-class) communities, however, saw decreases in jobs per capita, including Pewaukee (-14.8 percent), which went from 74 to 63 jobs per 100 persons; Cudahy (-18.5 percent), which went from 49 to 40 jobs per 100 persons; and West Milwaukee (-49.3 percent), which went from 81 to 41 jobs per 100 persons. While cities west of Milwaukee, primarily in Waukesha County, continue to lead the rest of the region in number of jobs per 100 persons, the developing northern suburbs (in southern Ozaukee and Washington Counties) gained jobs at the fastest rate. For example, Mequon increased by 124.7 percent (from 23 to 52 jobs per 100 persons) and Germantown increased by 154.8 percent (from 916 to 2,334 jobs per 100 persons).

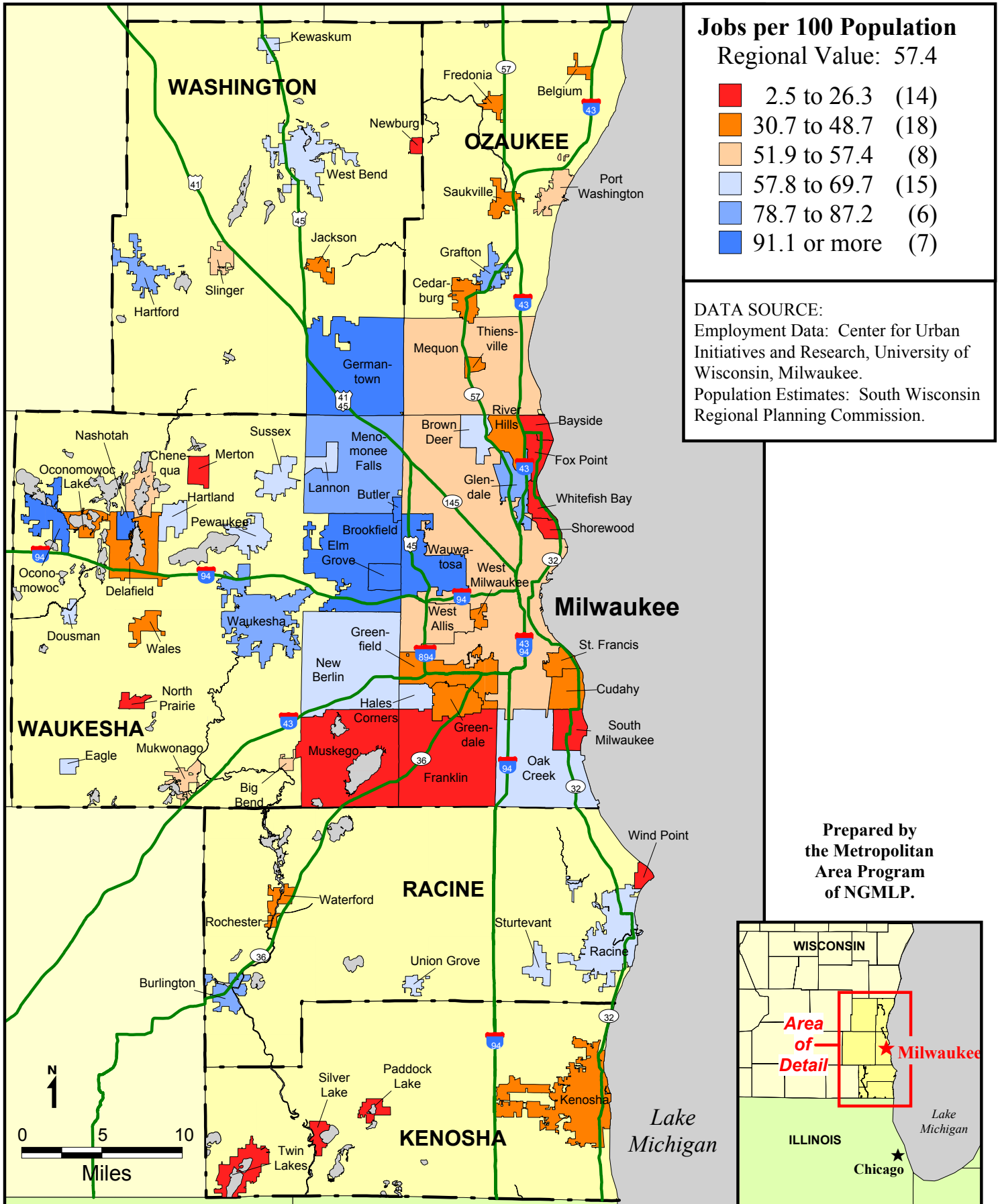
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<sup>67</sup> School spending data from the Wisconsin Department of Public Instruction, "Complete Annual School Cost", Section D.

<sup>68</sup> Employment data are from the Center for Urban Initiatives and Research, University of Wisconsin-Milwaukee.

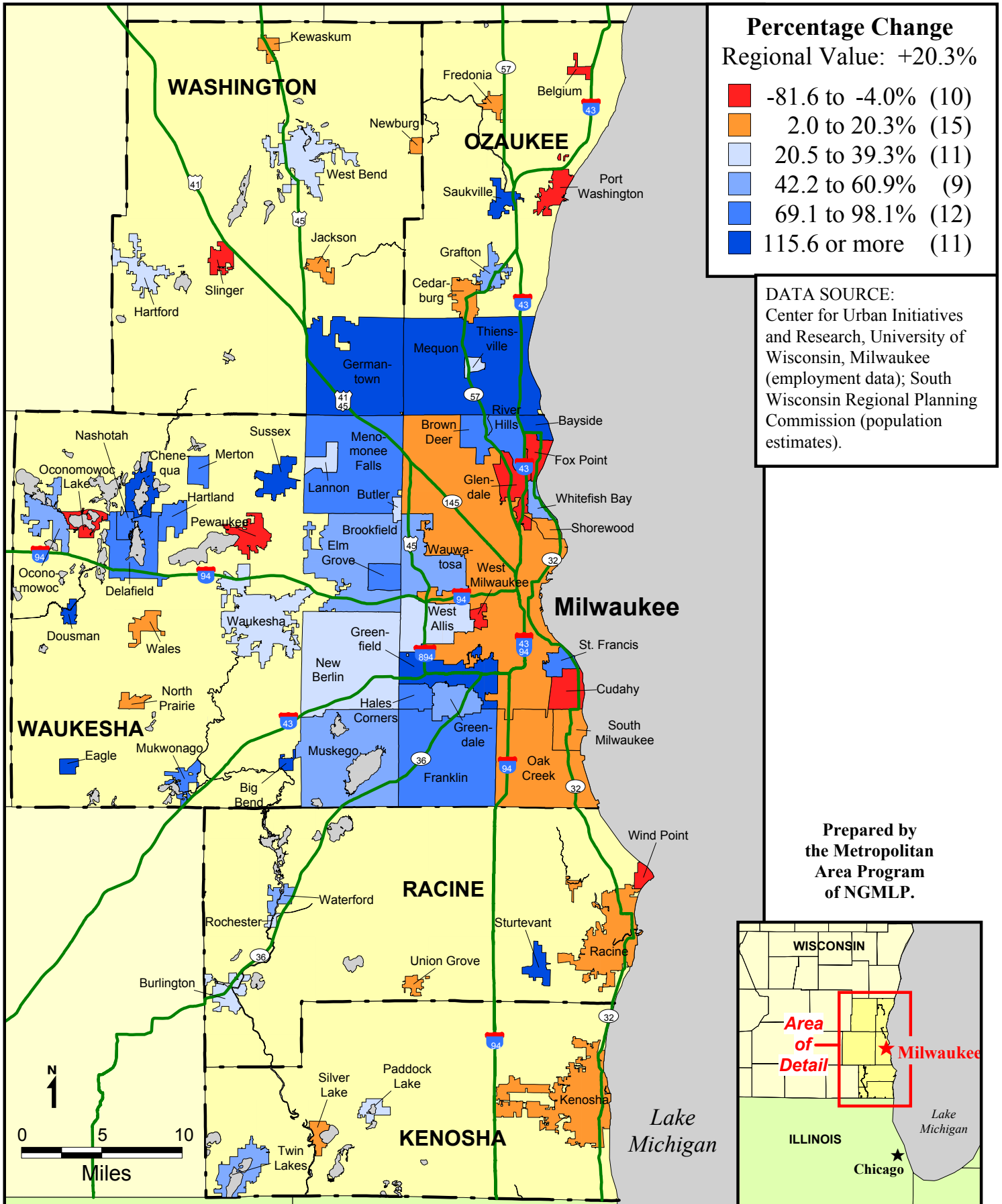


# Figure 23: Jobs per 100 Persons, 1996





**Figure 24: Percentage Change in Jobs per 100 Persons, 1986-1996**



## 2. The Spatial Mismatch Hypothesis

Twenty-five years ago, John Kain, an economist at Harvard, argued for the existence of a “spatial mismatch” between affordable housing and available jobs.<sup>69</sup> The theory posits that American cities are undergoing transformations from centers of goods and production to centers of information processing. The blue-collar jobs that once made up the economic backbone of cities have either vanished or moved to the developing suburbs, if not overseas. Central-city low-skilled manufacturing jobs are no longer available. In addition, neighborhood retail businesses that served the middle class have also to a large extent relocated to the suburbs.<sup>70</sup> The spatial mismatch theory states that it is not lack of jobs per se that is the problem, since central-city population growth has been as slow as central-city job growth. The problem is that the percentage of central-city jobs with high educational requirements is increasing, while the average education level of central-city residents is dropping.<sup>71</sup> In addition, essentially all of the net growth in jobs with low educational requirements is occurring in the suburbs and exurbs.<sup>72</sup> This low-skilled jobs exodus to the suburbs disproportionately affects central-city poor people, particularly minorities, who often face a more limited choice of housing location in job growth areas and a lack of transit services from the urban core to those suburbs.<sup>73</sup>

## V. Metropolitan Solutions

### A. Benefits of Cooperation

For decades, the National Civic League, academics (particularly economists), and Rockefeller Republicans have preached the gospel of metropolitanism. The message of cost-effective regional planning, supported by local business leadership, had a strong influence in the Twin Cities, Indianapolis, and Portland twenty-five years ago. In the 1990s, columnist Neal Peirce has revitalized good government metropolitanism, broadening its base by emphasizing the social and economic interdependence of metropolitan areas and the need for regional economic

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<sup>69</sup> John Kain, “Housing Segregation, Negro Unemployment, and Metropolitan Decentralization,” *Quarterly Journal of Economics* 82 (May 1968): 175-97.

<sup>70</sup> John D. Kasarda, “Urban Industrial Transition and the Underclass,” *Annals of the American Academy of Political and Social Sciences* 501 (January 1989): 36.

<sup>71</sup> Ibid.

<sup>72</sup> Ibid.

<sup>73</sup> For further discussion of the pros and cons of the spatial mismatch hypothesis, see Joseph Mooney, “Housing Segregation, Negro Employment and Metropolitan Decentralization: An Alternative Perspective,” *Quarterly Journal of Economics* (May 1969): 299-311. See Hutchinson (1974); Farley (1987); Inlanfedt and Sjoquist (1990-2); Offner and Saks (1971) Friedlander (1972); Harrison (1974), Leonard (1986); all in Kathy Novak, “Jobs and Housing: Policy Options for Metropolitan Development,” (Research Department: Minnesota House of Representatives February 1994); David Elwood, “The Spacial Mismatch Hypothesis: Are the Teenage Jobs Missing in the Ghetto?” in *The Black Youth Employment Crisis* eds. Richard B. Freeman and Harry J. Holzer (1986): 147-90.

coordination to compete effectively in the new world economy.<sup>74</sup> On another front, David Rusk, former mayor of Albuquerque, New Mexico, has simply and effectively connected the issues of metropolitanism and social equity.<sup>75</sup> He has done this by showing that regions that have created metropolitan governments by annexation or consolidation are less segregated by race and class, economically healthier, and simply more equitable to their people. Anthony Downs, of the Brookings Institution, has assembled his own research together with the recent groundbreaking work of urban poverty scholars, economists, transportation experts, and land-use planners. With this, he makes compelling new arguments for metropolitan government and broad metropolitan-based reforms in fair housing, transportation, land use, and property tax-base sharing.<sup>76</sup>

William Barnes and Larry Ledebur, Richard Voith, and H. V. Savitch have shown the deep interconnections of metropolitan economies and how the health of central cities is deeply connected to the success of even the favored sectors. A study of 78 metropolitan areas, conducted by Barnes and Ledebur, found that between 1979 and 1989 in most U. S. metropolitan areas, median household incomes of central cities and suburbs moved up and down together. When the incomes of central city residents increased, the incomes of residents living in suburbs of that city also increased. Conversely, when city incomes decreased, so did suburban incomes. They also found that the strength of this relationship appears to be increasing.<sup>77</sup> An earlier study of 48 metropolitan areas, conducted by the same team, found that metropolitan areas with the smallest gap between city and suburban incomes had the greatest job increases.<sup>78</sup> A recent study by Voith, an economist with the Federal Reserve Bank of Philadelphia and a scholar of metropolitanism, found that employment growth in the central city is very important to house values in existing suburbs close to the city (less than a 50 minute commute). Conversely, employment growth in existing suburbs close to the city does not significantly affect house values in those communities themselves but rather, benefits developers and owners of agricultural land.<sup>79</sup> Through a comparison of incomes and real estate prices in the cities and suburbs of 59 metropolitan areas between 1980 and 1990, H. V. Savitch and his colleagues found that cities and suburbs are highly interdependent. They report that those regions “with a greater capacity to harness common resources and unite populations do better than more highly fragmented areas.”<sup>80</sup>

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<sup>74</sup> Neal Peirce, *Citistates: How Urban America Can Prosper in a Competitive World* (Washington, D.C.: Seven Locks Press, 1993).

<sup>75</sup> David Rusk, *Cities Without Suburbs* (Washington, D.C.: Woodrow Wilson Center Press, 1993).

<sup>76</sup> Anthony Downs, *New Visions for Metropolitan America* (Washington, D.C.: Brookings Institution, 1994).

<sup>77</sup> Larry C. Ledebur and William R. Barnes, *“All In It Together”: Cities, suburbs and Local Economic Regions* (Washington, D. C.: National League of Cities, 1993).

<sup>78</sup> William R. Barnes and Larry C. Ledebur, *City Distress, Metropolitan Disparities, and Economic Growth* (Washington, D. C.: National League of Cities, 1992).

<sup>79</sup> Richard Voith, “The Suburban Housing Market: Effects of City and Suburban Employment Growth,” Working Paper No.96- (Philadelphia: Federal Reserve Bank of Philadelphia, May 1996).

<sup>80</sup> H. V. Savitch and others, “Ties That Bind: Central Cities, Suburbs, and the New Metropolitan Region,” *Economic Development Quarterly* 7(4) (November 1993).

Another extremely cogent argument against intra-metropolitan competition for tax base is made by a group of economists concerned about America's ability to compete in the world economy. These economists believe that as trade barriers recede and the force of national economic policy fades, metropolitan areas become the basic units of global competition.<sup>81</sup> Suddenly, fragmented groups of cities, fighting amongst themselves for governmental resources and economic development, are thrown into vigorous world competition against the powerful coordinated metropolitan systems of Western Europe and Asia. Economists such as these argue that the metropolitan governments of Western Europe and Asia effectively coordinate large regional expenditures in terms of transportation, telecommunications, and education to their economic advantage. Instead of fighting with each other, these economists argue, American metropolitan communities should work together to pool regional resources and expertise to compete against other metropolitan areas on the national and international level.

And finally, Peter Calthorpe, an urban planner from San Francisco, has set forth a compelling design vision of what regionally responsible transit-oriented communities could look like.<sup>82</sup> All of these authors—particularly Rusk—have received extraordinary coverage in the national media and have stimulated a vital national discussion. In Washington, former United States Housing and Urban Development Secretary Henry Cisneros advocated for the federal government to strengthen metropolitan coordination of affordable housing, land use, environmental protection, and transportation issues. In 1994 President Clinton issued a broad executive order beginning this process.<sup>83</sup>

## **B. The Necessity of Regional Cooperation**

The foregoing patterns demonstrate, if nothing else, the need for a metropolitan approach to stabilizing the central city and low tax-base communities and the need for creating equity throughout the Milwaukee region. If the region allows social needs to further concentrate on the declining tax base of the central city, inner suburbs, and many outlying satellite cities, these communities can do little to stabilize fundamentally. Similarly, as long as parts of the region can exclude the costs and effects of social responsibilities, the region's resources will naturally flow there. As polarization continues, the concentration of poverty intensifies and creates an increasingly rapid socioeconomic decline that rolls outward from the core communities. Fragmented land use patterns and competition for tax base lead to wasteful, low-density sprawl, institutionalize polarization, and squander valuable natural resources.

The Metropolitan Area Program and a growing core of urban scholars believe that regional polarization needs a strong, multifaceted, regional response. In order to stabilize the central cities and older suburbs and prevent metropolitan polarization, there are five substantive and one structural reform that must be accomplished on a metropolitan scale. The reforms are

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<sup>81</sup> Peirce, *Citistates*.

<sup>82</sup> Peter Calthorpe, *The Next American Metropolis: Ecology, Community, and the American Dream* (New York: Princeton Architectural Press, 1993).

<sup>83</sup> President Clinton, Executive Order, "Leadership and Coordination of Fair Housing in Federal Programs: Affirmatively Furthering Fair Housing, Executive Order 12892 of January 17, 1994," *The Weekly Compilation of Presidential Documents* (24 January 1994): 110-14.

inter-related and reinforce each other substantively and politically. The first three reforms are the most significant in terms of the socioeconomic stability of the core. They are:

- (1) Fair Housing. The provision of affordable housing throughout the region reduces the concentration of poverty, reduces racial segregation, stems the polarization occurring between the region's communities, gets workers closer to new jobs, reduces congestion on roadways, and allows older people and young divorced mothers (and fathers) to remain in their communities as their financial and physical conditions change. There are three stages to fair housing: (a) reducing non-rational barriers in zoning codes, development agreements, and development practices, (b) creating a regional funding source to provide subsidies for housing throughout the region, and (c) providing a system of testing to first understand, then eliminate, the pattern of housing discrimination in the region. Oregon, Massachusetts, Minnesota, New Jersey, and Montgomery County, Maryland have taken important steps along the first two stages. Social science data exist on the third problem, but no state has actively taken steps in this direction.
- (2) Equity in the Provision of Local Public Services. Regional equity reduces disparities between local communities, reduces competition among local communities for businesses that have already located in a given region, and by lessening the direct fiscal consequences for zoning decisions, makes regional land use planning more possible. Many regions have either ameliorated or solved this problem through consolidation or annexation. Some parts of the nation have progressive school equity systems which eliminate much of the burden of local schools from the central cities and older suburbs. Minnesota has pioneered a system which preserves local autonomy, but, through the sharing of a portion of the local property tax base, creates greater regional equity in the provision of public services. Tax equity between jurisdictions is often an appropriate entry point for regional discussions, because it does not threaten local autonomy, it does not require difficult discussions of race, class, and housing, and it creates a scenario where the majority of citizens live in areas which will immediately receive lower taxes and better services.
- (3) Regional Reinvestment in the Central Cities and Older Suburbs. These communities, already fiscally stressed with low tax bases, high taxes, and minimal services, cannot begin the process of reinvestment that is necessary to remain competitive. Regional funds must be created to clean up older industrial parks and polluted areas (brownfields), rebuild infrastructure such as sewers and roads, rehabilitate housing, replenish and augment urban parks and amenities. These programs must also involve the older suburbs, where such problems are often very severe. Part of the reinvestment strategy includes equitable geographic allocation of transportation investment, which involves a more publicly accountable distribution of highway resources. In conjunction with the rebuilding of the core and inner suburbs, significant public/private employment intended for individuals emerging from the welfare roles should be directed to those parts of the region.

Regions in which annexation or consolidation has occurred have instituted some of these first initiatives as a matter of course and are well positioned to think about the other three key regional reforms:

- (4) Land Planning/Growth Management. Unless we begin to manage the process of growth at the edge, we will undermine any remediative efforts happening in the core. If 25 percent of a region can continue to develop only expensive homes and jobs, without worker housing, they will rapidly draw off all the wealth and growth of the region. At the same time, that 25 percent will commit the region to sprawling land use vastly disproportionate to population increases, worsening congestion, worsening consumption of energy, worsening pollution, and growing social separation. Land use planning requires setting outward limits for growth in the form of an urban growth boundary, staging new infrastructure, such as roads and adequate sewer, together with new housing, developing at a density that will support some minimal form of public transportation, and assuring the provision in all subdivisions of a fair share of affordable housing. Oregon leads the nation in this. Minnesota has adopted a structure to do much of this, but has often failed to implement its statutes. Significant land use planning regimes are in place in Washington, Florida, Georgia, and many smaller regions. Last year Maryland adopted a Smart Growth framework. An underlying debate on this issue is growing in more than half of U.S. state legislatures.
- (5) Transportation/Transit Reform. At the federal level, with the implementation of the 1991 Intermodal Surface Transportation and Efficiency Act (ISTEA), large federal resources were made available for transit and other forms of investment which would strengthen the viability of the fully developed core of many U.S. regions. ISTEA has been a significant help to places with a strong commitment to public transportation. But ISTEA has too many loopholes and is under attack in Congress. A significant part of a regional agenda is strengthening the provisions of ISTEA, making sure that state legislation conform to take full advantage of its flexibility and making regional decision makers that allocate ISTEA funds more accountable to all the citizens of a given region.
- (6) Metropolitan Structural Reform. Metropolitan planning organizations (MPOs), already set up to develop regional transportation plans and allocate enormous federal and state transportation resources, should be made more representative and accountable to the region's they serve. Presently, these MPO's, often dominated by high growth suburban political interests and real estate developers, make region-shaping decisions without significant public input. Frankly, part of this is because older core communities, particularly those areas of concentrated poverty, have never thought these decisions were relevant to their future. Ultimately, MPOs should evolve into directly elected structures and should assume growing responsibility for implementing the initiatives discussed above.

At this point, in the political climate of the 1990s, this all may seem otherworldly. In Minnesota, we found that the best place to start "thinking regionally" was regional tax-base sharing. We found that when we could unite the central city and older suburban areas on common shared fiscal interests, we could overcome some of the more intense barriers created by race and class that had long divided these subregions. As such, regional tax-base sharing provides a very strong way to build relationships and coalitions that will serve to advance other regional reforms.

### C. Tax-Base Sharing: The Entry Point of Regionalism

As long as basic local services are dependent on local property wealth, regional property tax-base sharing is a critical component of metropolitan stability. Its purposes, all interrelated, are fivefold. Property tax-base sharing: (1) creates equity in the provision of public services, (2) breaks the intensifying metropolitan mismatch between social needs and property tax-based resources, (3) undermines local fiscal incentives supporting exclusive zoning, (4) undermines local fiscal incentives supporting sprawl, and (5) ends intra-metropolitan competition for tax base.<sup>84</sup>

Equity. The equity argument states that basic public services such as police and fire, local infrastructure, parks, and particularly local schools should be equal on a metropolitan level. People of moderate means should not have inferior public services because they cannot afford to live in property rich communities.

The need for equity is most immediately apparent when examining school spending in the school districts of the older, outlying communities. The low spending of these districts, in the face of increasing challenges, is possibly a component in poor student performance. The equity problem is also critical in the central cities as concentrated poverty multiplies needs exponentially in the face of evaporating local tax base and declining state and federal support for urban programs.

Mismatch of Needs and Resources. Virtually everywhere in a metropolitan region where social needs are growing rapidly, the tax base is uncertain or declining; everywhere in a given region where the tax base is accelerating dramatically, social needs are stable or declining. By regionalizing the tax base, the growing property wealth of the region will be available to meet the region's growing social needs.

Fiscal Zoning. When communities can increase their tax base and limit their local social responsibilities and costs by exclusive zoning, they will do so. One only has to look at the great disparities in tax base per household on a metropolitan level to understand the potentially large local fiscal incentives for exclusionary zoning. As evidence of this, in 1994 the Minneapolis Legal Aid detailed the process by which Twin Cities developing communities made explicit decisions to build only houses over \$150,000 because only such housing "paid its way."<sup>85</sup> As a corollary, low-density development is an intrinsic part of fiscal zoning, for large lot sizes are one of the only ways to ensure that expensive housing will be built.

**As the valuation of growth is shared, it undermines local fiscal incentives to create exclusive housing markets. Social incentives, however, unfortunately remain.**

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<sup>84</sup> There are other forms of revenue sharing programs, including Wisconsin's shared revenue program, which provide additional aid to local governments. Regional property tax base sharing differs in that it is a metropolitan-based equity program rather than a state-wide program. Minnesota has a statewide local government aid program in addition to its metropolitan fiscal disparities program.

<sup>85</sup> Barbara L. Lukermann and Michael P. Kane, "Land Use Practices: Exclusionary Zoning, De Facto or De Jure: An Examination of the Practices of Ten Suburban Communities in the Twin Cities Metropolitan Area," (Center for Urban and Regional Affairs, University of Minnesota, April 1994), 53-57.

Sprawl. The fragmented nature of a metropolitan tax base worsens at least two aspects of urban sprawl: unnecessary outward movement and low-density development patterns.

Unnecessary outward movement occurs when the growth of new units on the metropolitan fringe exceeds the growth of new regional households and the core of the region becomes seriously under-utilized. This type of sprawl is fueled in part by the push of core community decline and its attendant fiscal crisis and the pull of rapidly growing communities that need tax base to pay for infrastructure.

While the decline and local fiscal crisis “push” people and businesses out of older suburban areas, extraordinarily rapid housing construction fueled by local fiscal needs in developing areas “pulls” them. As new communities develop, they face large debt burdens in terms of infrastructure such as streets, sewers, parks, and schools. As the debt comes due, and potential property tax increases threaten, there is tremendous pressure on these communities to spread these costs through growth. Hence, the very fragmentation of the tax base encourages sprawl.

Second, unnecessary low-density development occurs when communities are built at densities that cannot be served by public transit and create infrastructure costs that are unsustainable by the existing tax base.<sup>86</sup> In this light, the same local fiscal pressures that encourage low-density development to enrich property tax base also contribute to unnecessary low density sprawl.

In response, tax-base sharing: (1) eases the fiscal crisis in declining communities allowing them to shore up decline; (2) takes the pressure off growing communities to spread local debt costs through growth; and (3) undermines fiscal incentives encouraging low-density sprawl.

Competition for tax base. Proponents of tax-base sharing argue that intra-metropolitan competition for tax base is detrimental to the region. First, it is bad for cities to engage in bidding wars for businesses that have already chosen to locate in a given region. In such situations, public monies are used to improve the fiscal position and services of one community at the expense of another, while business takes advantage of the competition to unfairly reduce its social responsibilities. Even the threat of leaving can induce large public subsidies from troubled communities. These arguments are reinforced by the large use of Tax Increment Financing (TIF), which allows cities to compete—some might say gamble—for tax base not only with their own resources but with those of the local school district, county, and state without the input of these jurisdictions.

Opponents respond that competition among communities encourages efficient use of government funds and teaches local officials that successful cities are lean, mean, and competitive. In response, more often than not, the winners of intra-metropolitan competition are developing, high tax-capacity areas with room to expand, no social problems, and comparatively low taxes; the losers, low tax-capacity, fully developed areas with considerable social problems and high taxes. This highly unequal competition has created a monopoly problem. In the end,

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<sup>86</sup> American Farmland Trust. “Density-Related Public Costs,” (Washington, D.C., 1986).



affluent expanding suburbs dominate the market and grow increasingly stronger while the poor suburbs, saddled with the debts of unfair social burdens, are over-leveraged and cannot compete.

## **D. The Politics of Tax-Base Sharing**

### **1. The Twin Cities Fiscal Disparities System**

In 1971, the Minnesota Legislature adopted a tax-base sharing system, commonly referred to as “the fiscal disparities program.” Under this program, each city contributes to a regional pool forty percent of the growth of its commercial industrial property tax base acquired after 1971. Money is distributed from this pool to each city on the basis of inverse net commercial tax capacity. A highly equalizing system, the fiscal disparities program reduces tax base disparities on a regional level from 50-to-1 to roughly 12-to-1. Presently about 393 million dollars, or about 20 percent of the regional tax base, is shared annually.

While the Minnesota fiscal disparities program produces powerful equalizing effects, actual disparities remain high and fiscal zoning and competition for tax base intense. In this light, while a partial tax-base sharing system like the Minnesota program does not end regional competition, it does make it marginally more fair.

There are also some inequities. Communities in the Twin cities metropolitan area with a higher than average commercial base, but with low-valued homes and increasing social need, contribute tax base. On the other hand, cities dominated by high-valued homes that have eschewed commercial development, but have large per-household tax bases, receive money from the system.

### **2. Is Tax-Base Sharing Possible Only in Minnesota?**

There is a broadly shared belief that tax-base sharing came out of some cosmic consensualism in progressive Minnesota that cannot be duplicated elsewhere in the nation. This is not true.

First, tax-base sharing in Minnesota has always been controversial. Many suburban governments at first feared loss of tax base and local control. But legislative leaders realized the high degree to which property wealth was concentrated and developed computer runs that showed the projected amount of tax base cities would actually gain. Most of the inner and developing middle-class suburbs were potential recipients. When these suburbs realized that tax-base sharing was likely to increase substantially their tax base and stabilize their future fiscal situation, they became supporters. As one legislator put it, “before the runs, tax-base sharing was communism, afterwards it was ‘pretty good policy.’”

The legislative debate surrounding the fiscal disparities program was hardly consensual. Legislators from recipient communities supported tax-base sharing and legislators from contributing communities opposed it. When the bill became law, contributing communities brought suit against the state and litigated unsuccessfully all the way to the United States Supreme Court.<sup>87</sup> Contributors remain opposed, and every session, their representatives introduce

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<sup>87</sup> *Burnsville v Onischuk*, 301 Minn. 137, 22 N.W.2d 523 cert. denied 420 U.S. 916 (1974).

bills to either limit their contribution to the system or abolish the program entirely. Thus the Minnesota experience with tax-base sharing should not be viewed as a rarefied consensus, but as a strategy model for creating political coalitions to influence regional reform.

It is often said that Minnesota is different from the rest of the nation because it does not have any social or racial divisions. In response, Minnesota and the Twin Cities can be placed on a continuum. While the social and economic declines and polarization are clearly not as severe as New York, Chicago, or Detroit, they are worse than most younger and smaller regions and even than some of similar size, age, and complexity. The public schools of the central cities of Minneapolis and Saint Paul have 60 percent poor and minority students in their public schools—only ten points behind Chicago—and more rapidly growing concentrated poverty. A recent regional debate on fair housing was marred by divisive discussions of race and class. Further, while the Twin Cities has the rudiments of regional cooperation, it has an unusually high number of local governments with land use powers (187) and school districts (49) that must cooperate. In the end, the same basic dynamics that have divided and conquered older, larger regions are firmly rooted in the Twin Cities. On the other hand, the local coalitions that are beginning to take action in the Twin Cities in response to regional polarization can be built elsewhere.

In the 1995 session, the legislature passed, but the governor vetoed, Fiscal Disparities II: The Metro Area Tax Cut Act. Under this bill, metropolitan jurisdictions would share the growth on the increment of value above \$200,000 on high-valued homes. Short of total sharing, this proposal counterbalanced the inequities of the present fiscal disparities system, undermined fiscal zoning, and greatly expanded the tax-base sharing system. In addition, with only 17 percent of the region contributing tax base and fully 83 percent receiving, it was a most popular proposal among local governments.

The bill was called the Metro Tax Cut Act because its provisions required communities receiving new tax base under it, for the first two years, to use half of this new tax base for a property tax cut. The bill was “sold” as the largest single property tax cut offered by the legislature that year. The northern low tax-base suburbs strongly supported the bill and it passed with bipartisan support. Significantly, the ten closest Minnesota House races in the last election involved jurisdictions that would greatly benefit by any sort of tax-base sharing.<sup>88</sup> Ultimately, it will be difficult for either party, or anyone who wishes to be governor, to oppose a system that will provide these swing voters with better services and lower taxes.

### **3. Political Possibilities in the Milwaukee Metropolitan Area**

#### **a. Tax-Base Sharing**

Equity mechanisms must be forged in the give and take of each local community. They must ultimately reflect the political situation and the balance of political power present in a given

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<sup>88</sup> See Mike Kaszuba, “Suburban Summit to Tackle Affordable Housing,” *Minneapolis Star Tribune*, 24 September 1994; Molly Guthrey, “Orfield Drums up Support for Equality Among Cities,” *Saint Paul Pioneer Press*, 6 October 1994; Mike Kaszuba, “Leaders Call for End of Disparity Between North, South Suburbs,” *Minneapolis Star Tribune*, 6 October 1994; Editorial, “North Summit; Suburban Voices Join Metro Debate,” *Minneapolis Star Tribune*, 29 September 1994; Editorial, “Regional Cooperation Gets Needed Boost,” *Saint Paul Pioneer Press*, 9 October 1994.

place at a given time. In looking at the relative tax base and the degree of social need that is present in local communities, a metropolitan tax-base sharing equation that recognized the growing needs in Milwaukee, Racine, Kenosha, and northern Washington Counties would clearly make those areas winners.

The Metropolitan Area Program has created models of several possible regional tax-base sharing scenarios for the Milwaukee region. Most of the scenarios produced positive results for at least 50 percent of the region's population. A few scenarios actually benefited as many as 80 percent of the people in the region. In other words, under these models, anywhere from 50 to 80 percent of the population of the Milwaukee region would be the recipients of new tax base, thus receiving lower taxes and better local services at the same time. While there are countless formulas that could be used in a tax base sharing system, we present here two of the most promising examples.<sup>89</sup> Both of these models limit the amount that the city of Milwaukee can receive from the total tax base pool to \$1 billion.<sup>90</sup> This is done to make a larger percentage of the tax-base pool available to be distributed to the other struggling area communities. The following paragraphs describe these hypothetical tax-base sharing scenarios and what such a system potentially could do for the region. (See Appendix A for spreadsheets containing complete descriptions of how these tax-base sharing models were calculated and their results).

The first promising example is based on the region-wide sharing of tax base derived from high-valued residential properties. In this scenario we modeled what would be shared if the communities in the region contributed into a tax-base sharing pool their 1996 residential property tax base for housing valued at \$200,000 or more (Figure 25). This tax base pool was then redistributed back out to the communities based on a formula giving preference to those communities with a low per capita tax base. Besides Milwaukee, which received the maximum allowed that city (\$1 billion in new tax base or \$1,644 per capita), this model run produced new tax base for seventy-nine suburban communities. Under this formula nearly 85 percent of the residents of the Milwaukee region gain new tax base. Winning communities include South Milwaukee (over \$126 million—or \$5,946 per capita), Racine (nearly \$630 million—or \$7,356 per capita), and Sturtevant (\$37 million—or \$7,462 per capita).

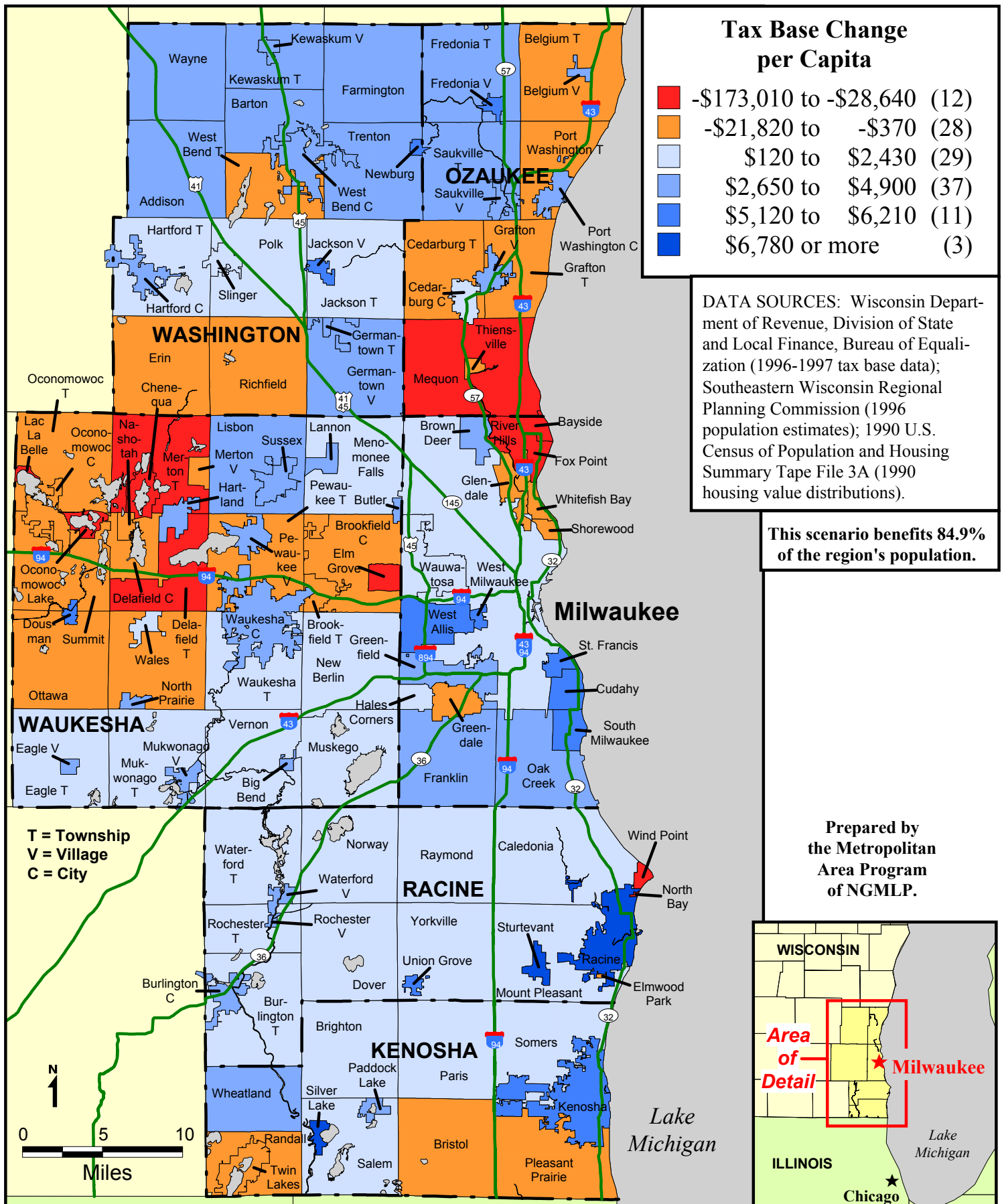
In another sample run, each community was required to contribute into the regional pool 40 percent of the increase in their tax base from 1986 to 1996 (Figure 26). This tax base pool is then redistributed back out to the communities based on a formula giving preference to those places with a low per capita income. This formula is similar to the one used in Minnesota's fiscal disparities system. Here again Milwaukee received the maximum amount allowed, \$1 billion or \$1,644 per capita. This run provided new tax base for forty-one communities for a total of 67.4 percent of the regional population. Examples of winners include the people of Dover (over \$12

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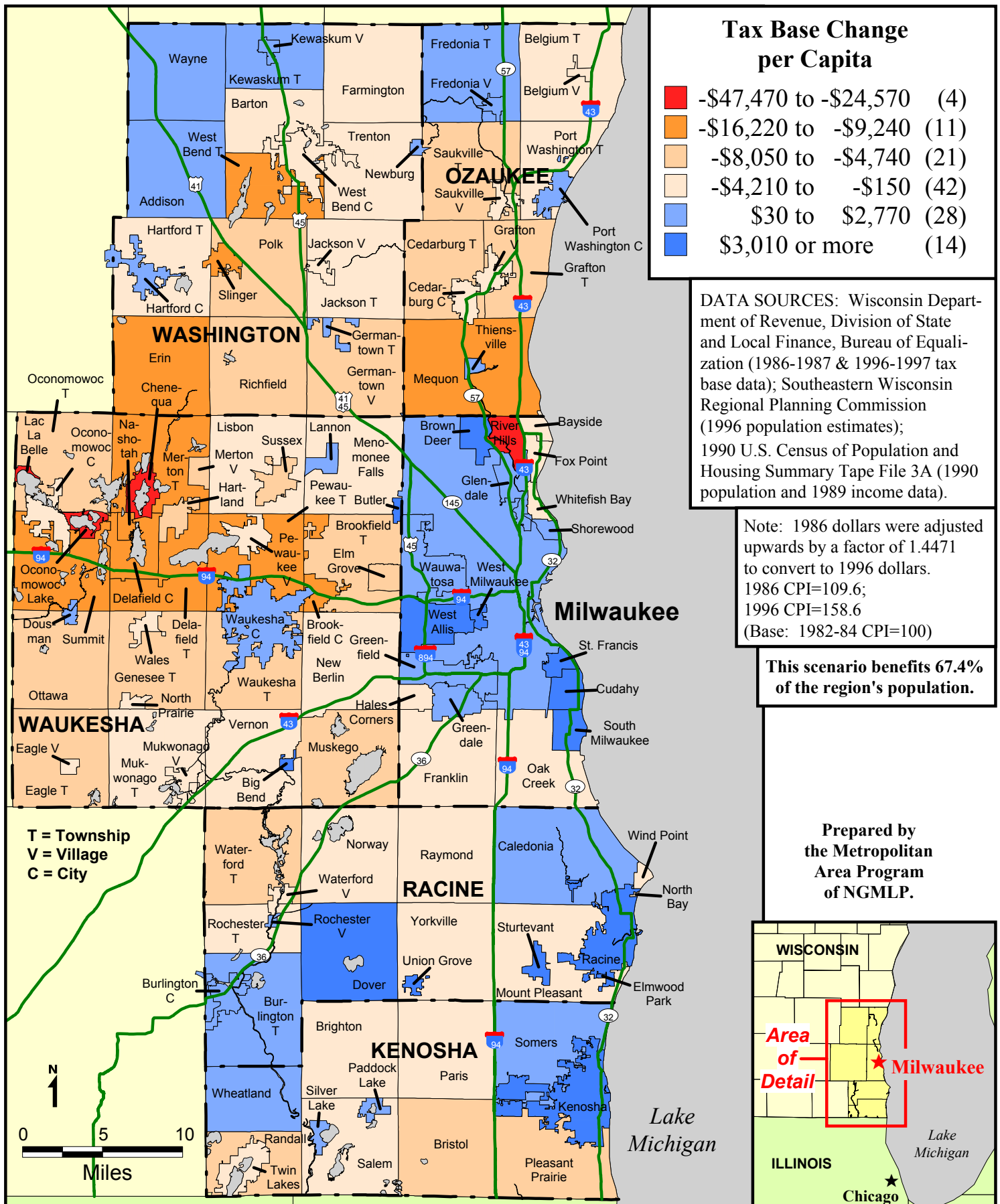
<sup>89</sup> We present these sample scenarios only to give Milwaukee area residents an idea of what is possible. Of the many runs we did, these two were selected because they produced the greatest percentage of winners in the region and would therefore be likely to have the greatest voter support. Ultimately, however, the most appropriate formula for the Milwaukee region would have to be determined by residents and elected officials of the region.

<sup>90</sup> Once the net distribution for each community is determined, the share distributed to the city of Milwaukee is examined. If the share calculated for Milwaukee is less than the maximum allowed, no adjustments are made. If Milwaukee's net distribution is greater than the maximum allowed, the model is run again. This time, Milwaukee is excluded from all of the calculations; instead, it is given a net distribution equal to the maximum allowed out of the tax base pool. A final net distribution for each suburban community is then determined.

**Figure 25: Redistribution of 1996 Tax Base from Housing Valued at \$200,000 or More, According to Tax Base per Capita with a \$1,000,000,000 Cap on Milwaukee City**



**Figure 26: Redistribution of 40% of Tax Base Growth 1986-1996 According to Per Capita Income with a \$1,000,000,000 Cap on Milwaukee City**



million—or \$3,234 per capita), Kenosha (\$285 million—or \$3,327 per capita), and Racine (\$600 million—or \$7,039 per capita).

### **b. The Central City Track**

It is time now to begin a parallel track among the neighborhoods and interest groups of the central city of Milwaukee. One by one, the communities of color, the churches, neighborhood groups, good government, and land use groups should be engaged in this regional discussion. The basic facts underlying this report and the rudiments of a regional agenda should be put forth, the parallel inner-suburban strategy explained, and materials provided to begin community education. Because of the deep racial divisions and inter-jurisdictional divisions between the city and its suburbs, it would be in the city's best interest to allow the inner suburbs and outlying satellite communities to take the political lead, or at the very least to acknowledge these suburbs as full partners in regional equity efforts. Too strong and too early an effort by the central city, too powerful central city dominance, could dissuade the inner and outlying suburbs and retard progress toward reform.

### **c. Future Issues**

If and when relationships can be built around tax-base sharing and fiscal equity, there is a simmering coalition waiting to be built concerning regional affordable housing. The low tax-base communities undoubtedly feel overburdened by affordable housing. Their political response now is to “just say no,” which will deeply over-stress and over-segregate the city. Without a viable response to this growing sentiment, a much deeper crisis for poor residents, race relations, and the politics of the region will develop. In Minnesota, the inner and low tax-base suburbs, which had their fair share of affordable housing, joined in coalition with the central cities to pass a regional fair housing bill. It was a very strong coalition built on the rhetoric and power of the civil rights movement, with a powerful representation of the communities of color, and with the added political force of inner-suburban areas trying to retain stability. Creative thinking and planning could, over time, build a very powerful coalition in the Milwaukee region to persuade the affluent suburbs, where many of the jobs are, to do their fair share. Again, with simply the political power of the city and the low tax-base suburbs, there is a winning coalition.

## **VI. Conclusion**

The foregoing represents a pattern of metropolitan development—that of social and economic polarization—that the Milwaukee region cannot afford to continue. The Milwaukee region cannot afford to build a new set of communities and the supporting infrastructure every generation as the city and older suburbs become isolated and decline.

The Milwaukee region cannot afford to concentrate poverty in increasingly hopeless neighborhoods of the central city—communities from which economic activity is leaving. It's clear that the concentration of poverty is more than the sum of its parts—that as we lock people into patterns of dependency and isolation away from the productive economy they grow hopeless, isolated, and angry.

The Milwaukee region cannot afford to eat up thousands of acres of forest and farm land to build new sprawling communities into infinity.

The Milwaukee region must spend at least some of its resources and energy renewing—recycling—the communities in which it grew up. The people of this region cannot afford disposable core communities.

This report represents the beginnings of an agenda designed to deal with growing regional instability and disparities. While it is controversial, it represents only a best first effort, subject to the negotiation, reformation, and synthesis that occurs in all political progress. While the issues will be difficult, it is our hope that this region can work together—reason together—to solve its mutual problems.

The real importance of this discussion is the realization that the Milwaukee region is suffering from a series of problems that are too massive for the central cities to confront alone. These are the same problems that have caused the decline and even death other urban centers and unless the people of this region concentrate their efforts on finding new solutions, they can expect no better outcome.

**Appendix A: Hypothetical Property Tax-Base Sharing Run 1. Redistribution of 40% of Tax Base Growth from 1986 to 1996, According to Per Capita Income with a \$1,000,000,000 Cap on Milwaukee.**

	<b>Municipality</b>	<b>Subregion</b>	<b>Net Distribution</b>	<b>Estimated Population, 1996</b>	<b>Per Capita Won/Loss</b>
1	Racine City	High Need	\$601,331,245	85,433	\$7,039
2	West Milwaukee Village	High Need	\$27,271,940	4,259	\$6,403
3	Cudahy City	High Need	\$113,758,806	18,872	\$6,028
4	West Allis City	High Need	\$301,926,211	63,576	\$4,749
5	Saint Francis City	High Need	\$43,058,082	9,323	\$4,618
6	Sturtevant Village	High Need	\$22,730,076	5,009	\$4,538
7	Big Bend Village	Middle-class	\$5,309,660	1,307	\$4,062
8	Union Grove Village	High Need	\$15,335,778	4,120	\$3,722
9	South Milwaukee City	High Need	\$78,130,172	21,315	\$3,666
10	Kenosha City	High Need	\$285,052,001	85,685	\$3,327
11	Dover Township	Middle-class	\$12,151,602	3,758	\$3,234
12	Elmwood Park Village	Middle-class	\$1,678,316	527	\$3,185
13	Brown Deer Village	Middle-class	\$38,191,475	12,471	\$3,062
14	Butler Village	Middle-class	\$6,164,852	2,042	\$3,019
15	Wauwatosa City	Middle-class	\$136,304,155	49,299	\$2,765
16	Dousman Village	High Need	\$3,854,458	1,508	\$2,556
17	Silver Lake Village	High Need	\$8,316,621	3,373	\$2,466
18	Wayne Township	Middle-class	\$3,413,771	1,506	\$2,267
19	Shorewood Village	High Need	\$31,676,272	14,083	\$2,249
20	Glendale City	Middle-class	\$31,833,097	14,241	\$2,235
	Kewaskum Township	Middle-class	\$2,625,592	1,175	\$2,235
22	Kewaskum Village	Middle-class	\$6,694,539	3,031	\$2,209
23	Fredonia Township	Middle-class	\$4,569,244	2,094	\$2,182
24	Germantown Township	Middle-class	\$580,371	267	\$2,174
25	Fredonia Village	Middle-class	\$3,624,890	1,819	\$1,993
26	Wheatland Township	Middle-class	\$6,024,718	3,375	\$1,785
<b>27</b>	<b>Milwaukee City</b>	<b>Central City</b>	<b>\$1,000,000,000</b>	<b>608,442</b>	<b>\$1,644</b>
28	Greenfield Village	Middle-class	\$55,973,225	35,449	\$1,579
29	Lannon Village	High Need	\$1,619,783	1,057	\$1,532
30	Newburg Village	Middle-class	\$1,590,497	1,071	\$1,485
31	Burlington City	High Need	\$13,084,765	9,515	\$1,375
32	Hartford City	High Need	\$11,786,513	9,086	\$1,297
33	Waukesha City	High Need	\$69,778,635	59,949	\$1,164
34	Paddock Lake Village	Middle-class	\$3,150,058	2,829	\$1,113
35	Addison Township	Middle-class	\$2,635,004	3,250	\$811
36	Thiensville Village	Middle-class	\$2,500,947	3,402	\$735
37	Rochester Village	Middle-class	\$417,062	1,087	\$384
38	Burlington Township	Middle-class	\$1,209,457	6,066	\$199
39	Somers Township	Middle-class	\$1,218,903	8,152	\$150
40	Greendale Village	Middle-class	\$1,894,425	15,239	\$124
41	Caledonia Township	Middle-class	\$1,793,344	22,187	\$81
42	Port Washington City	Middle-class	\$370,301	10,126	\$37
43	Waterford Village	Middle-class	(\$481,730)	3,062	(\$157)
44	West Bend City	High Need	(\$7,123,235)	27,796	(\$256)
45	Raymond Township	Middle-class	(\$1,693,379)	3,297	(\$514)
46	Saukville Village	Middle-class	(\$2,443,082)	4,095	(\$597)
47	Mount Pleasant Township	High Need	(\$13,180,050)	21,954	(\$600)
48	Oak Creek City	Middle-class	(\$19,777,506)	23,915	(\$827)
49	Eagle Village	High Need	(\$1,086,635)	1,260	(\$862)
50	North Bay Village	Affluent	(\$215,004)	249	(\$863)
51	Grafton Village	Middle-class	(\$8,615,566)	9,720	(\$886)
52	Trenton Township	Middle-class	(\$3,812,530)	4,290	(\$889)
53	Barton Township	Middle-class	(\$3,382,919)	2,773	(\$1,220)
54	Port Washington Township	Middle-class	(\$2,095,104)	1,559	(\$1,344)
55	Whitefish Bay Village	Middle-class	(\$19,660,387)	14,158	(\$1,389)
56	Mukwonago Village	Middle-class	(\$7,799,195)	5,511	(\$1,415)
57	Vernon Township	Middle-class	(\$12,539,283)	8,027	(\$1,562)
58	Hales Corners Village	Middle-class	(\$12,749,256)	7,818	(\$1,631)
59	Belgium Village	Middle-class	(\$2,101,020)	1,234	(\$1,703)
60	Franklin City	Middle-class	(\$49,391,708)	25,726	(\$1,920)



	Municipality	Subregion	Net Distribution	Estimated Population, 1996	Per Capita Won/Loss
61	North Prairie Village	Middle-class	(\$3,366,656)	1,529	(\$2,202)
62	Rochester Township	Middle-class	(\$4,484,983)	2,031	(\$2,208)
63	Paris Township	Middle-class	(\$3,308,838)	1,473	(\$2,246)
64	Brighton Township	Middle-class	(\$3,030,899)	1,344	(\$2,255)
65	Wales Village	Middle-class	(\$6,040,916)	2,676	(\$2,257)
66	Wind Point Village	Affluent	(\$4,535,120)	1,903	(\$2,383)
67	Jackson Township	Middle-class	(\$8,383,114)	3,376	(\$2,483)
68	Oconomowoc City	Middle-class	(\$28,888,289)	11,617	(\$2,487)
69	Belgium Township	Middle-class	(\$3,735,766)	1,453	(\$2,571)
70	Cedarburg City	Middle-class	(\$27,411,322)	10,513	(\$2,607)
71	Farmington Township	Middle-class	(\$8,144,862)	2,842	(\$2,866)
72	Bayside Village	Affluent	(\$14,869,578)	4,830	(\$3,079)
73	Yorkville Township	Middle-class	(\$9,419,207)	3,005	(\$3,135)
74	New Berlin City	Middle-class	(\$122,144,806)	35,739	(\$3,418)
75	Salem Township	Middle-class	(\$28,308,479)	8,228	(\$3,441)
76	Twin Lakes Village	High Need	(\$16,840,132)	4,699	(\$3,584)
77	Jackson Village	Middle-class	(\$13,947,658)	3,863	(\$3,611)
78	Pewaukee Village	Middle-class	(\$24,143,833)	6,640	(\$3,636)
79	Fox Point Village	Affluent	(\$26,280,012)	7,189	(\$3,656)
80	Menomonee Falls Village	Middle-class	(\$110,468,773)	28,620	(\$3,860)
81	Lisbon Township	Middle-class	(\$34,746,283)	8,751	(\$3,971)
82	Mukwonago Township	Middle-class	(\$27,608,632)	6,854	(\$4,028)
83	Norway Township	Middle-class	(\$26,790,906)	6,551	(\$4,090)
84	Hartford Township	Middle-class	(\$15,227,856)	3,621	(\$4,205)
85	Hartland Village	Middle-class	(\$36,725,489)	7,735	(\$4,748)
86	Muskego City	Middle-class	(\$96,474,694)	19,677	(\$4,903)
87	Waukesha Township	Affluent	(\$40,892,753)	8,113	(\$5,040)
88	Saukville Township	Middle-class	(\$9,121,784)	1,774	(\$5,142)
89	Genesee Township	Affluent	(\$35,343,127)	6,793	(\$5,203)
90	Richfield Township	Affluent	(\$52,479,244)	9,608	(\$5,462)
91	Waterford Township	Middle-class	(\$28,755,264)	5,055	(\$5,688)
92	Merton Village	Affluent	(\$8,335,033)	1,420	(\$5,870)
93	Cedarburg Township	Affluent	(\$32,815,823)	5,414	(\$6,061)
94	Pleasant Prairie Village	Middle-class	(\$81,923,108)	13,360	(\$6,132)
95	Elm Grove Village	Affluent	(\$38,503,536)	6,210	(\$6,200)
96	Randall Township	Middle-class	(\$16,329,246)	2,606	(\$6,266)
97	Bristol Township	Middle-class	(\$27,368,543)	4,299	(\$6,366)
98	Polk Township	Middle-class	(\$25,338,322)	3,770	(\$6,721)
99	Germantown Village	Middle-class	(\$113,429,813)	16,288	(\$6,964)
100	Grafton Township	Middle-class	(\$28,288,603)	4,024	(\$7,030)
101	Ottawa Township	Affluent	(\$24,686,646)	3,408	(\$7,244)
102	Oconomowoc Township	Middle-class	(\$56,521,360)	7,634	(\$7,404)
103	Sussex Village	Middle-class	(\$53,693,325)	7,224	(\$7,433)
104	Eagle Township	Middle-class	(\$18,431,130)	2,395	(\$7,696)
105	Brookfield City	Affluent	(\$295,260,358)	36,691	(\$8,047)
106	West Bend Township	Middle-class	(\$41,629,128)	4,504	(\$9,243)
107	Summit Township	Affluent	(\$45,100,799)	4,378	(\$10,302)
108	Slinger Village	High Need	(\$21,790,496)	1,999	(\$10,901)
109	Erin Township	Affluent	(\$36,704,428)	3,237	(\$11,339)
110	Pewaukee Township	Affluent	(\$131,480,665)	11,292	(\$11,644)
111	Merton Township	Affluent	(\$89,567,129)	6,996	(\$12,803)
112	Delafield City	Middle-class	(\$84,963,325)	6,099	(\$13,931)
113	Brookfield Township	Affluent	(\$84,653,244)	5,870	(\$14,421)
114	Nashotah Village	Affluent	(\$10,541,186)	714	(\$14,764)
115	Delafield Township	Affluent	(\$108,863,258)	6,945	(\$15,675)
116	Mequon City	Affluent	(\$341,280,281)	21,045	(\$16,217)
117	River Hills Village	Affluent	(\$40,447,730)	1,646	(\$24,573)
118	Lac La Belle Village	Affluent	(\$10,965,204)	279	(\$39,302)
119	Oconomowoc Lake Village	Affluent	(\$22,363,069)	500	(\$44,726)
120	Chenequa Village	Affluent	(\$29,289,211)	617	(\$47,470)

**Percentage of regional population living in winning municipalities: 67.4%**

DATA SOURCES:

1996-97 Tax Base Data: Wisconsin Department of Revenue, Division of State and Local Finance, Bureau of Equalization;

1996 Population Estimates: Southeastern Wisconsin Regional Planning Commission;

1990 Population and 1989 Income Data: 1990 U.S. Census of Population and Housing Summary Tape File 3A.

Methodology:

Each municipality is required to contribute 40% of its 1986-1996 tax base growth into a tax-base pool. Then, a "distribution index" is calculated to determine what percentage share each municipality will get back out of the pool. This distribution index is equal to the municipality's population multiplied by the ratio of the metropolitan region's income per capita to the municipality's income per capita. Each municipality's distribution index is then divided by the sum of all the distribution indexes to arrive at each municipality's percentage share of the tax-base pool. This percentage is then multiplied by the tax-base pool amount to determine the actual amount the municipality receives back. Finally, the amount the municipality contributes is subtracted from the amount the municipality receives to arrive at the net distribution to the municipality.

At this point, Milwaukee's net distribution is examined to determine if a cap needs to be imposed. If Milwaukee's net distribution is less than \$1 billion, no further adjustments are made. If it is greater than \$1 billion, the model is run again. This time, Milwaukee is excluded from all of the calculations; instead, it is given a net distribution of \$1 billion out of the tax-base pool. (This is done in order to make available a larger percentage of the tax-base pool to be distributed to the other area communities.) Steps 2-5 are then run again, excluding Milwaukee from the calculations.

- Step 1: 1986-1996 municipal tax base growth \* 0.40 = Municipal Contribution
- Step 2:  $\text{municipal population} * ((\text{region's aggregate income} / \text{region's population}) / (\text{municipal aggregate income} / \text{municipal population})) = \text{Distribution Index}$
- Step 3:  $\text{Distribution Index} / \text{sum of Distribution Indexes} = \text{Municipal Share of tax base to be distributed}$
- Step 4:  $\text{Municipal Share} * \text{sum of Municipal Contributions} = \text{Municipal Distribution}$
- Step 5:  $\text{Municipal Distribution} - \text{Municipal Contribution} = \text{Municipal Net Distribution}$
- Step 6: If Milwaukee's Municipal Net Distribution < \$1 billion, model run ends  
or
- Step 7: If Milwaukee's Municipal Net Distribution > \$1 billion, rerun Step 1 without Milwaukee
- Step 8: Subtract \$1 billion from Municipal Contribution for Milwaukee's net distribution
- Step 9: Rerun Steps 2-5, excluding Milwaukee

**Hypothetical Property Tax-Base Sharing Run 2. Redistribution of 1996 Tax Base from Housing Valued at \$200,000 or More, According to Tax Base per Capita with a \$1,000,000,000 Cap on Milwaukee.**

	<b>Municipality</b>	<b>Subregion</b>	<b>Net Distribution</b>	<b>Estimated Population, 1996</b>	<b>Per Capita Won/Loss</b>
1	Sturtevant Village	High Need	\$37,379,022	5,009	\$7,462
2	Racine City	High Need	\$628,478,100	85,433	\$7,356
3	Silver Lake Village	High Need	\$22,873,225	3,373	\$6,781
4	Union Grove Village	High Need	\$25,560,376	4,120	\$6,204
5	Cudahy City	High Need	\$115,214,760	18,872	\$6,105
6	Dousman Village	High Need	\$9,149,797	1,508	\$6,068
7	Saint Francis City	High Need	\$55,799,755	9,323	\$5,985
8	South Milwaukee City	High Need	\$126,749,485	21,315	\$5,946
9	West Milwaukee Village	High Need	\$24,015,851	4,259	\$5,639
10	Kenosha City	High Need	\$476,913,500	85,685	\$5,566
11	Newburg Village	Middle-class	\$5,924,465	1,071	\$5,532
12	West Allis City	High Need	\$336,120,169	63,576	\$5,287
13	Fredonia Village	Middle-class	\$9,475,359	1,819	\$5,209
14	Jackson Village	Middle-class	\$19,806,263	3,863	\$5,127
15	Waterford Village	Middle-class	\$14,998,550	3,062	\$4,898
16	Big Bend Village	Middle-class	\$6,371,166	1,307	\$4,875
17	Kewaskum Village	Middle-class	\$14,752,686	3,031	\$4,867
18	Burlington City	High Need	\$45,760,342	9,515	\$4,809
19	Saukville Village	Middle-class	\$19,102,142	4,095	\$4,665
20	Paddock Lake Village	Middle-class	\$13,136,035	2,829	\$4,643
21	Mukwonago Village	Middle-class	\$25,435,452	5,511	\$4,615
22	Hartford City	High Need	\$41,777,808	9,086	\$4,598
23	North Prairie Village	Middle-class	\$6,931,435	1,529	\$4,533
24	Eagle Village	High Need	\$5,689,758	1,260	\$4,516
25	Wheatland Township	Middle-class	\$15,043,977	3,375	\$4,457
26	West Bend City	High Need	\$119,232,142	27,796	\$4,290
27	Rochester Village	Middle-class	\$4,653,211	1,087	\$4,281
28	Oak Creek City	Middle-class	\$100,992,258	23,915	\$4,223
29	Addison Township	Middle-class	\$13,234,460	3,250	\$4,072
30	Wayne Township	Middle-class	\$6,019,105	1,506	\$3,997
31	Pewaukee Village	Middle-class	\$26,290,997	6,640	\$3,959
32	Germantown Township	Middle-class	\$1,048,611	267	\$3,927
33	Waukesha City	High Need	\$229,189,331	59,949	\$3,823
34	Brown Deer Village	Middle-class	\$47,668,285	12,471	\$3,822
35	Greenfield Village	Middle-class	\$135,438,115	35,449	\$3,821
36	Hartland Village	Middle-class	\$28,532,073	7,735	\$3,689
37	Sussex Village	Middle-class	\$25,450,594	7,224	\$3,523
38	Belgium Village	Middle-class	\$4,333,723	1,234	\$3,512
39	Franklin City	Middle-class	\$85,005,578	25,726	\$3,304
40	Kewaskum Township	Middle-class	\$3,743,169	1,175	\$3,186
41	Fredonia Township	Middle-class	\$6,559,629	2,094	\$3,133
42	Grafton Village	Middle-class	\$29,234,568	9,720	\$3,008
43	Saukville Township	Middle-class	\$5,224,129	1,774	\$2,945
44	Butler Village	Middle-class	\$5,981,249	2,042	\$2,929
	Lisbon Township	Middle-class	\$25,629,851	8,751	\$2,929
46	Trenton Township	Middle-class	\$12,547,604	4,290	\$2,925
47	Germantown Village	Middle-class	\$47,439,405	16,288	\$2,913
48	Port Washington City	Middle-class	\$29,229,800	10,126	\$2,887
49	Farmington Township	Middle-class	\$8,080,678	2,842	\$2,843
50	Lannon Village	High Need	\$2,981,473	1,057	\$2,821
51	Barton Township	Middle-class	\$7,371,190	2,773	\$2,658
52	Rochester Township	Middle-class	\$4,933,545	2,031	\$2,429
53	Norway Township	Middle-class	\$15,151,933	6,551	\$2,313
54	Dover Township	Middle-class	\$8,533,459	3,758	\$2,271
55	Hales Corners Village	Middle-class	\$17,747,193	7,818	\$2,270
56	Slinger Village	High Need	\$4,530,574	1,999	\$2,266
57	Waterford Township	Middle-class	\$11,015,625	5,055	\$2,179
58	Raymond Township	Middle-class	\$6,960,058	3,297	\$2,111
59	Wauwatosa City	Middle-class	\$102,287,078	49,299	\$2,075
60	Paris Township	Middle-class	\$2,743,771	1,473	\$1,863

	Municipality	Subregion	Net Distribution	Estimated Population, 1996	Per Capita Won/Loss
61	New Berlin City	Middle-class	\$66,518,232	35,739	\$1,861
62	Cedarburg City	Middle-class	\$19,093,177	10,513	\$1,816
63	Vernon Township	Middle-class	\$13,743,615	8,027	\$1,712
64	<b>Milwaukee City</b>	<b>Central City</b>	<b>\$1,000,000,000</b>	<b>608,442</b>	<b>\$1,644</b>
65	Muskego City	Middle-class	\$31,391,037	19,677	\$1,595
66	Salem Township	Middle-class	\$13,005,169	8,228	\$1,581
67	Wales Village	Middle-class	\$3,858,778	2,676	\$1,442
68	Mukwonago Township	Middle-class	\$9,621,405	6,854	\$1,404
69	Yorkville Township	Middle-class	\$4,172,076	3,005	\$1,388
70	Menomonee Falls Village	Middle-class	\$36,922,405	28,620	\$1,290
71	Somers Township	Middle-class	\$7,895,749	8,152	\$969
72	Eagle Township	Middle-class	\$2,267,156	2,395	\$947
73	Jackson Township	Middle-class	\$3,130,390	3,376	\$927
74	Caledonia Township	Middle-class	\$15,134,531	22,187	\$682
75	Brighton Township	Middle-class	\$759,017	1,344	\$565
76	Burlington Township	Middle-class	\$3,228,913	6,066	\$532
77	Waukesha Township	Affluent	\$4,059,375	8,113	\$500
78	Polk Township	Middle-class	\$1,600,980	3,770	\$425
79	Hartford Township	Middle-class	\$1,159,027	3,621	\$320
80	Mount Pleasant Township	High Need	\$2,839,772	21,954	\$129
81	Merton Village	Affluent	(\$524,893)	1,420	(\$370)
82	Thiensville Village	Middle-class	(\$1,801,958)	3,402	(\$530)
83	Greendale Village	Middle-class	(\$9,065,766)	15,239	(\$595)
84	Erin Township	Affluent	(\$2,709,630)	3,237	(\$837)
85	Oconomowoc City	Middle-class	(\$13,948,408)	11,617	(\$1,201)
86	Pleasant Prairie Village	Middle-class	(\$24,206,835)	13,360	(\$1,812)
87	Glendale City	Middle-class	(\$26,538,738)	14,241	(\$1,864)
88	Elmwood Park Village	Middle-class	(\$1,114,093)	527	(\$2,114)
89	Genesee Township	Affluent	(\$16,932,157)	6,793	(\$2,493)
90	Richfield Township	Affluent	(\$23,983,500)	9,608	(\$2,496)
91	Bristol Township	Middle-class	(\$10,904,115)	4,299	(\$2,536)
92	Ottawa Township	Affluent	(\$8,888,513)	3,408	(\$2,608)
93	Nashotah Village	Affluent	(\$2,291,697)	714	(\$3,210)
94	Port Washington Township	Middle-class	(\$5,182,617)	1,559	(\$3,324)
95	Cedarburg Township	Affluent	(\$29,006,636)	5,414	(\$5,358)
96	Pewaukee Township	Affluent	(\$62,653,230)	11,292	(\$5,548)
97	Brookfield Township	Affluent	(\$33,461,862)	5,870	(\$5,700)
98	Belgium Township	Middle-class	(\$8,671,244)	1,453	(\$5,968)
99	Twin Lakes Village	High Need	(\$29,660,246)	4,699	(\$6,312)
100	Randall Township	Middle-class	(\$18,690,161)	2,606	(\$7,172)
101	Grafton Township	Middle-class	(\$38,328,275)	4,024	(\$9,525)
102	West Bend Township	Middle-class	(\$46,105,163)	4,504	(\$10,236)
103	Shorewood Village	High Need	(\$152,060,650)	14,083	(\$10,797)
104	Oconomowoc Township	Middle-class	(\$101,986,038)	7,634	(\$13,359)
105	Delafield City	Middle-class	(\$91,928,419)	6,099	(\$15,073)
106	Whitefish Bay Village	Middle-class	(\$255,925,964)	14,158	(\$18,076)
107	Summit Township	Affluent	(\$80,948,330)	4,378	(\$18,490)
108	Brookfield City	Affluent	(\$800,594,208)	36,691	(\$21,820)
109	Merton Township	Affluent	(\$200,405,815)	6,996	(\$28,646)
110	Delafield Township	Affluent	(\$200,717,025)	6,945	(\$28,901)
111	Mequon City	Affluent	(\$745,352,793)	21,045	(\$35,417)
112	Bayside Village	Affluent	(\$216,724,762)	4,830	(\$44,871)
113	Elm Grove Village	Affluent	(\$287,370,490)	6,210	(\$46,275)
114	Fox Point Village	Affluent	(\$336,684,434)	7,189	(\$46,833)
115	North Bay Village	Affluent	(\$16,555,317)	249	(\$66,487)
116	Wind Point Village	Affluent	(\$147,833,329)	1,903	(\$77,684)
117	Lac La Belle Village	Affluent	(\$21,938,379)	279	(\$78,632)
118	Oconomowoc Lake Village	Affluent	(\$77,467,118)	500	(\$154,934)
119	River Hills Village	Affluent	(\$271,967,419)	1,646	(\$165,229)
120	Chenequa Village	Affluent	(\$106,744,525)	617	(\$173,006)

**Percentage of regional population living in winning municipalities: 84.9%**

**DATA SOURCES:**

1996-97 Tax Base Data: Wisconsin Department of Revenue, Division of State and Local Finance, Bureau of Equalization;  
1996 Population Estimates: Southeastern Wisconsin Regional Planning Commission.  
1990 Housing Value Distributions: 1990 U.S. Census of Population and Housing Summary Tape File 3A.

**Methodology:**

Each municipality is required to contribute its 1996 residential tax base taken from housing valued greater than \$200,000 into a tax-base pool. Then, a "distribution index" is calculated to determine what percentage share each municipality will get back out of the pool. This distribution index is equal to the municipality's population multiplied by the ratio of the metropolitan region's tax base per capita to the municipality's tax base per capita. Each municipality's distribution index is then divided by the sum of all the distribution indexes to arrive at each municipality's percentage share of the tax-base pool. This percentage is then multiplied by the tax-base pool amount to determine the actual amount the municipality receives back. Finally, the amount the municipality contributes is subtracted from the amount the municipality receives to arrive at the net distribution to the municipality.

At this point, Milwaukee's net distribution is examined to determine if a cap needs to be imposed. If Milwaukee's net distribution is less than \$1 billion, no further adjustments are made. If it is greater than \$1 billion, the model is run again. This time, Milwaukee is excluded from all of the calculations; instead, it is given a net distribution of \$1 billion out of the tax-base pool.

(This is done in order to make available a larger percentage of the tax-base pool to be distributed to the other area communities.) Steps 2-5 are then run again, excluding Milwaukee from the calculations.

Step 1: 1996 municipal residential tax base valued > \$200,000 = Municipal Contribution

Step 2:  $\text{municipal population} * ((\text{region's tax base} / \text{region's population}) / (\text{municipal tax base} / \text{municipal population})) = \text{Distribution Index}$

Step 3:  $\text{Distribution Index} / \text{sum of Distribution Indexes} = \text{Municipal Share of tax base to be distributed}$

Step 4:  $\text{Municipal Share} * \text{sum of Municipal Contributions} = \text{Municipal Distribution}$

Step 5:  $\text{Municipal Distribution} - \text{Municipal Contribution} = \text{Municipal Net Distribution}$

Step 6: If Milwaukee's Municipal Net Distribution < \$1 billion, model run ends  
or

Step 7: If Milwaukee's Municipal Net Distribution > \$1 billion, rerun Step 1 without Milwaukee

Step 8: Subtract \$1 billion from Municipal Contribution for Milwaukee's net distribution

Step 9: Rerun Steps 2-5, excluding Milwaukee