

FOUR IDEAS FOR ACTING AS ONE

Remarks of David Rusk¹ to the
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This is my first visit to the La Crosse area. I arrived yesterday about 11 a.m. so I've been here less than 24 hours. I am not an expert on the La Crosse area; you are the experts.

But I have admired the La Crosse area from afar. First, I have studied basic demographic, social, and economic trends over the past five decades for all 331 metropolitan areas and their 541 central cities. From that analysis I've known that this region is doing relatively well – and my brief opportunity to tour around yesterday reinforced the impression of the high quality of life that most of you enjoy.

But more immediately, in 2001-02 I was a member of The Century Foundation Task Force on the Common School that studied the benefits of economic school integration.² One of the other members was Dick Swantz, former La Crosse School Superintendent. From Dick (and through a case study by journalist Richard Mial that we commissioned) I became familiar with the history of your struggles to implement economic integration within the city schools in the early 1990s.

The La Crosse region is certainly very different demographically from the Albuquerque region, where I lived for twenty years. In Census 2000 the Albuquerque area was 3% African American, 6% Native American, 2% Asian, 42% Hispanic, and 48% “Anglo” (meaning non-Hispanic white). (If not a member of the first four groups, anyone in Albuquerque – whether a Puccini, a Pulaski, or a Goldstein, for example – is called “Anglo.”) The La Crosse WI-MN metro area, by contrast, is 1% African American, ½% Native American, 3% Asian, 2% Hispanic, and 94% “Anglo” (though most of you are descended from German and Norwegian immigrants).

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² See Richard D. Kahlenberg, ed. *Divided We Fail: Coming Together through Public School Choice*. The Century Foundation Press: New York (2002).

There is a common statistical measure called an “exposure index.” It measures the likelihood that the next person someone from one racial group meets in their neighborhood will be of that same racial group. In the Albuquerque area (the USA’s most integrated housing market among larger metro areas) the odds that the next person an Anglo meets will also be Anglo are 48%. In the La Crosse area those odds are 94.4% – the 15th highest such odds out of 331 metro areas. This is a very homogeneous area.

Nevertheless, greater diversity came to the La Crosse area in the 1980s with the arrival of several thousand Hmong refugees.³ I remember the Hmongs as the “Montagnards” – our most loyal and effective allies in the Southeast Asian war. We owe them – big time. As often occurs with immigrant groups, they initially settled together in city neighborhoods of lower cost housing. As is also common among new immigrants, they suffered from low incomes and high poverty rates.⁴ Concentrated poverty among the Hmongs compounded patterns of concentrated poverty among other groups. The city school system found itself with several high poverty schools. Hence, the school board’s initiative in the early 1990s.

Let me place in context what the La Crosse city schools achieved with its economic integration program. On an economic segregation index (scale 0 to 100; 100 equals total economic apartheid), in 1989, the economic segregation index for the 27 elementary schools in the 12 school districts of the bi-state La Crosse area was 33. By 1999, the index was 22 – economic school segregation region-wide had been cut by one-third because of the city schools’ policy and was 15th lowest in the USA out of 331 metro areas.⁵ For this program, I updated the figures: a further slight improvement to an index of 21 in 2004.

³ The census showed the Asian population of La Crosse County jumping from 261 in 1980 to 2,545 in 1990 and 2,842 in 2000. These figures undoubtedly reflected an undercount. Census 2000 showed only 2,283 Hmong residents of La Crosse County (most in the city of La Crosse), but the La Crosse Mutual Assistance Association said that its records showed that there were 3,491 Hmong residents in the county.

⁴ In 1989, the census reported, in La Crosse County Asian median family income was only 34% of Anglo median family income and the Asian family poverty rate was 62%. By 1999, Asian median family income had closed rapidly to 78% of Anglo median family income and the Asian family poverty rate had dropped precipitously to 16% – impressive economic adjustment and progress in just a decade’s time.

⁵ The Cleveland metro area’s public schools (the USA’s most economically segregated) measured a 71 in 1999.

Across the country, by the end of the 1990s (a decade of unparalleled prosperity), economic segregation in public schools had *increased* from the beginning of the decade. Through the action of your city school board you *lowered* economic segregation significantly.

Why is this important? In 1966, the U.S. Office of Education released *Equality of Educational Opportunity*, a massive study of American public schools by famed sociologist James Coleman. Its goal was to identify what factors were associated with academic achievement. The Coleman report produced two basic findings.

First, the strongest predictors of academic achievement were the socioeconomic characteristics of students' own families followed closely by the socioeconomic characteristics of their classmates' families; nothing else – expenditures per pupil, pupil-teacher ratio, teacher preparation and experience, etc. – even came close to the issue of who are the kids in the classroom and what's their family and neighborhood background.

Second, Coleman found, low-income children learn best when surrounded by middle-class students in middle-class schools.

There's been no more consistent findings of educational researchers than Coleman's original findings since – and no research findings more consistently (I would even say deliberately) ignored by many educators and most politicians. They will not deal with economic and racial segregation that undergirds American society.

I myself have made over a dozen such studies in metro areas where I have worked. I did an in-depth study of the 60 elementary schools of Madison-Dane County WI. I found that

1. The socioeconomic status of a school's pupil population was the primary factor that was related to academic performance as measured by standardized tests. In the Madison-Dane County public schools, the percentage of each of the 60 schools' 4th grade test takers that were low income (that is, qualified for subsidized school meals) was highly correlated with the variation in school-by-school 4th grade passage rates at the Advanced and Proficient levels (that this study will characterize hereafter as "test scores"). Specifically, socioeconomic status accounted for

- * 73% of the variation in reading scores;
- * 64% of the variation in language scores;
- * 71% of the variation in math scores;
- * 76% of the variation in science scores; and
- * 77% of the variation in social studies scores.

Measured at the level of the 16 school districts, variations in school inputs (educational expenditures per pupil, pupil-teacher ratios, federal revenues per pupil) were not statistically related to test scores. While not statistically significant because of the small number of observations (16 highly divergent school districts), the finding is confirmed by other research.

2. The test scores of low-income pupils improved significantly the more they were surrounded by middle class classmates. For every 1% increase in middle class classmates, the likelihood that the average low-income 4th grade pupil's test would achieve Advanced and Proficient levels improved

- * 0.64 percentage points in reading;
- * 0.50 percentage points in language;
- * 0.72 percentage points in math;
- * 0.80 percentage points in science; and
- * 0.74 percentage points in social studies.

Applying the Madison-Dane County findings to the La Crosse area schools, the difference between a low-income 4th grader's attending Hamilton Elementary (the region's poorest school with 78.5% low-income pupils) and Eagle Bluff Elementary in Onalaska (with 17.7% low-income pupils) would be, on average, a 39% improvement in the odds of that child's achieving proficiency level on the reading test and a 44% improvement in the odds of achieving proficiency level on the math test.

Your economic integration program is having a big impact on the current achievement levels and future prospects of low-income children in the La Crosse city schools. I salute you – at least, I salute the La Crosse school board and administration – for your wisdom and political courage.

But suppose you live in Onalaska, or Holmen (the region's fastest growing community) or Medary or Shelby (the region's two wealthiest communities). You may be asking "why should *I* care about all this?"

You should care because the issue of economic school segregation affects the whole region's economic growth.

The number #1 factor in business location/expansion decisions is typically the availability and quality of the regional labor force. (Ready access to markets is typically the next most important factor.) The issue really isn't how well a community educates the top half of its students; many will go away to college and never return. The challenge is how well a

community educates the bottom half; most of them will stay and be the foundation of your regional labor force.

Beyond regional school issues, you should also care about the broader issue of intergovernmental collaboration because that also affects regional economic growth.

I may have been in La Crosse less than 24 hours but I've done extensive work in the Madison area and have also studied the Milwaukee, Racine, Kenosha, and Green Bay regions. I know your DNA – what the “rules of the game” are in Wisconsin.

With its 72 counties, 585 cities and villages, and 1,265 towns (plus 442 school districts), Wisconsin is what I call a “little boxes” state.⁶ Every square foot of Wisconsin is in some city, village, or town; local governance is highly fragmented. With its two cities, four villages, and 12 towns, La Crosse County is a highly fragmented county (as is Houston County across the river in Minnesota with seven cities and 17 townships).

David Miller of the University of Pittsburgh has developed a very sophisticated measure of relative governmental fragmentation called the Metropolitan Power Diffusion Index (MPDI).⁷ His colleague, Jerry Paytas of Carnegie Mellon University, has applied the MPDI to regional economic growth patterns, carefully controlling for factors like Sun Belt vs. Frost Belt, industrial vs. services regional economies, etc.⁸ Paytas found that the more fragmented a region is governmentally, the slower is its economic growth.

Paytas attributed the slower economic growth to cutthroat, inter-municipal competition and costly duplication of facilities and services. I would add two other factors: inability to mobilize a region's total assets and the decline of central cities that typically occurs in “little boxes” states.

First, inability to mobilize regional assets. If we add up the state equalized valuation of your 18 “little boxes” in La Crosse County, it comes to \$6.3 billion. The largest single slice, however, is the city of La Crosse's

⁶ There are 20 “little boxes” states located primarily in the Northeast and the Midwest. “Big Box” states, characterized by large, expanding central cities that annex adjacent, unincorporated land where county government provides rural area-type services, are located primarily in the South and West.

⁷ David Y. Miller. *The Regional Governing of Metropolitan America* (Westview Press: 2002).

⁸ Jerry Paytas, “Does Governance Matter? The Dynamics of Metropolitan Governance and Competitiveness.” Working paper, Carnegie Mellon Center for Economic Development (2002). Available at www.smartpolicy.org/publications.smtml.

\$2.5 billion tax base with an A1 bond rating (an okay bond rating but not great). The second largest slice is the city of Onaska's \$1.25 billion, also with an A1 rating. But as a region you need to be competing in the \$6 billion league and, at present, you have no way of doing that.

Second, central city decline. In the Age of Sprawl, whenever hemmed in by suburban "little boxes," most central cities inevitably decline. Let's look at trends in city median family income as a percentage of county median family income.

<u>year</u>	<u>city median income as pct of county median income</u>
1950	105%
1970	99%
1980	94%
1990	89%
2000	85%

In 1950, the typical city family was 5% richer than the county average; by 2000, with the constant sub-urbanization of middle-class families, the typical city family's income was 15% below the county average.

Now La Crosse's median family income being at 85% of its regional median wasn't Milwaukee's 67% or Cleveland's 58% or Detroit's 57% or Newark's 45%. But La Crosse's 85% wasn't Madison's 95% or Albuquerque's 102% or Charlotte's 105% either – all elastic cities that annex their own suburbs (or suburbs-to-be on still undeveloped land).

Fortunately, under Wisconsin law, the city of La Crosse has been able to engage in a modest amount of annexation, expanding from 10.5 square miles and 47,535 residents in 1950 to 20.1 square miles and 51,818 residents by 2000. What would the city of La Crosse look like today if it had been frozen within its 1950 city limits (which I'll call "Old La Crosse")?

	<u>Actual La Crosse</u>	<u>"Old" La Crosse</u>
population change	+9%	-19%
family poverty rate	7.8%	8.2%
city income as pct of county income	85%	79%
total household income	\$876 million	\$599 million
bond rating	A1	A3 or Baa1 (est.)

Thus, without annexing the parts of the towns of Campbell, Medary, and Shelby that it has, the city of La Crosse today would be smaller, poorer, and face higher costs to sell its bond for essential community improvements.

Once again, why should its suburban neighbors care about the city's economic, social, and fiscal health? You should care because La Crosse is

- the site of almost 70% of the county's jobs; 60% of suburban workers commute to jobs in the city;
- home to most of the region's essential institutions (Gunderson Lutheran Hospital, Franciscan Skemp Healthcare, UW-La Crosse, Viterbo University, Western Technical College, La Crosse Convention Center, Myrick Park Zoo, the airport, etc);
- the signature city of the region (when all is said and done, this area will never be known as "Onalaska" or "Holmen").

From my experiences in over 120 metro areas, I can tell you that whenever the chamber of commerce president has to make excuses for the central city, the whole region is in trouble.

Urbanization should occur within the expanding boundaries of municipalities – whether it be La Crosse, Onalaska, Holmen, West Salem, Bangor, or Rockland – and not within semi-rural towns that are ill-prepared to serve their need for more intensive services.

There's something else that I know about your DNA – a susceptibility to urban sprawl. It's built into your system of multiple "little boxes" governments highly dependent on property taxes without a system of strong state land use controls. I can see your sprawling development patterns – from statistical data, from the air as I flew in yesterday, and from touring on the ground.

One statistic that has caught my eye is that over three decades (1972-2002), while the number of households in La Crosse County grew by 71%, the amount of farmland diminished by 25%. By contrast, over the same three decades, in Oregon (the state which has had the strongest anti-sprawl land use controls) while the number of households in Oregon's three-county Portland Metro jurisdiction grew by 90%, the amount of farmland ostensibly increased by 2%.⁹

⁹ Between the 1997 Census of Agriculture and 2002 Census of Agriculture, a change in definition of what constitutes "land in farms," adding, for example, nurseries and Christmas tree farms for the first time, undoubtedly boosted farmland acreage measurably for the 2002 Census of Agriculture.

Declining farmland acreage is not all converted to urban uses, as has been pointed out;¹⁰ often farmland is removed from production as food prices decline or farm productivity rises. When an area is urbanizing, rising farm prices can bring more marginal rural lands into active production (as has occurred in Portland's Clackamas County over the past decade).

It's hard to make apples-to-apples comparisons, but using the US Department of Agriculture's state-by-state surveys of "developed land," from 1992 to 1997 Wisconsin developed almost two and a half times more land per net additional resident (0.96 acres) than did Oregon (0.39 acres). That amounts to 2.4 acres of land per net additional household in Wisconsin – a ratio that has been growing.

La Crosse County planners report that "approximately 3% of the County's farmland was converted out of agricultural use from 1990 to 1997" and predict that by 2025 "the County may need to accommodate nearly 5,000 acres of new residential, commercial, and industrial land along with *additional acreage needed for infrastructure, parks, community facilities and similar uses* [emphasis added]."¹¹

Both past conversions and future projections strike me as relatively modest and probably don't fully reflect what one actually sees. Looking down from my plane as I flew over La Crosse County, in addition to actual farms (with their farmhouses, barns, silos, and tractor sheds), I could see many stand-alone houses and garages where farmers had sold off frontage along county roads as home sites. (Short-term financial gains may be offset by their new ex-urbanite neighbors' objections to standard farming operations, such as late night/early morning plowing and harvesting, spreading manure, etc. that often necessitate state "right-to-farm" laws to

¹⁰ I am indebted to Jay Verhulst of Vilas County, who raised this issue during our workshop. Mr. Verhulst also correctly reported that several months ago (on February 21, 2006, to be precise), the Oregon Supreme Court had ruled that Proposition 37 was indeed constitutional, overturning a lower court decision. Proposition 37 was an initiative, adopted in November 2004, that requires state and local governments either to compensate landowners for zoning restrictions that the landowners assert have adversely affected their land values or remove the restrictions. The struggle over whether or not to maintain anti-sprawl land use controls in Oregon will undoubtedly be continued in state and local elections for years to come.

¹¹ *La Crosse County Comprehensive Plan: Existing Conditions Report* (Draft January 13, 2006), p. 4-18/19. "Towns surrounding Holmen, Onalaska, and La Crosse had close to 8% of their agricultural land converted to other uses."

protect the farmer’s ability to continue farming.) Is such scattered exurban development fully reflected in the statistics?

Other notable features that one sees from the air are all the narrow roads that serpentine along many ridges of your rolling “drift-less” hills. County planning prohibits construction activity on slopes of 30% or greater and calls for increased erosion controls when slopes of 20% or greater are to be disturbed. These are wise provisions, but an ironic result is that you allow big homes to be scattered along the ridge lines. I’m sure that suits the wealthy families that live up there with their spectacular views, but it’s costly for everyone else – above all, in the loss of natural vistas as more and more homes etch your skylines.¹² And I suspect that this is all happening on forest land that doesn’t fall into the conversion figures for agricultural land.

“The agricultural landscape contributes greatly to the aesthetic appeal of the area,” your comprehensive plan notes, but warns that “farmland often makes attractive land for housing development and as the region’s population grows, farmland is rapidly disappearing.”¹³

To sum up, in my judgment, the La Crosse region is not in crisis. Many residents enjoy a top-notch quality of life, but there are troubling trends: your slowly declining signature city; costly urban sprawl and loss of farmland and open space; and less than dynamic economic growth. In short, your challenge is to “be all that you can be.”

Highly fragmented local governance is a barrier to reversing these negative trends. I’d like to propose that you place more responsibility in the one “Big Box” government that you have: your La Crosse County Government – democratically elected and popularly accountable, with significant planning and zoning powers over unincorporated areas, and the ability to access a \$6 billion tax base with an excellent Aa3 bond rating. County government is your 19th *local* government – the one local government that can address for you collectively tasks that the 18 other local governments cannot deal with effectively.

I’ll now examine the potential role of county government in four suggestions that I have for “acting as one.”

¹² By contrast, since the 1960’s Albuquerque voters have spent almost \$100 million to acquire about 25,000 acres of open space, protecting our city’s scenic vistas of the Sandia Mountains to the east and the volcanic escarpment to the west from future development.

¹³ *La Crosse County Comprehensive Plan*, page 5-1

**Recommendation #1:
establish one or more employer-centered regional schools
combined with programs of
employer-assisted housing benefits**

This would address problems faced by many working parents; by several major regional employers; and by some high-poverty neighborhoods.

Today most mothers work (whether within a two-parent family or as a single parent). They face both day care problems for their child's earliest years and "latch key" issues when their child reaches school age: who supervises their child when the regular school day ends? Many also work at jobs located miles from their neighborhood and local school. (Single parent fathers face the same challenges.)

A region's major employer institutions, such as hospitals and colleges and universities, are often located surrounded by older, declining areas. High area crime rates can add to the institutions' security costs (not the least of which is the need for secure parking facilities). Furthermore, valuable worker time is lost when mothers or fathers must leave during the work day to attend to their children's problems at distant locations.

Cities face the challenge of re-attracting middle-class households to such high-poverty neighborhoods even though their older housing stock architecturally and pedestrian-oriented ambiance may be very attractive. Childless households may start to re-gentrify such neighborhoods, but middle-class parents with school age children are usually dissuaded from moving in because of its high-poverty neighborhood school.

The city of La Crosse offers a textbook example. Your region's two largest employers – Gunderson Lutheran Hospital and Franciscan Skemp Healthcare – bracket the region's poorest neighborhood, served by Hamilton Elementary, the region's poorest school, a situation that has been an unsolvable challenge to the school board's pupil re-assignment policies.

My suggestion: develop a collaborative compact among the school district, city government, and the two hospitals. The school district should place an enhanced, magnet school-style curriculum and extra resources into Hamilton Elementary. The city (with possible extra assistance from the hospitals) should fund the school district to run the Hamilton program for the hospitals' full day-shift. A special enrollment policy would be adopted: no more than half the seats for the pupils from the immediate neighborhood,

over half the seats set aside for children of the hospitals' staffs. Based on experiences elsewhere, I think that you would find many of the hospitals' working parents would prefer to bring their children to work, drop them off at Hamilton just blocks from the hospital, know that they are in a high quality educational environment under trained, day-long adult supervision, and pick them up at the end of the work day. (Furthermore, the economics of the program would be greatly aided by the state of Wisconsin's open enrollment policy; transfer payments will amount to \$5,884 per pupil from outside the Hamilton attendance area for 2006-07.)

The neighborhood children enrolled at Hamilton will benefit educationally and socially from having many new middle-class classmates. Furthermore, with Hamilton's socioeconomic profile changed instantly from being a high-poverty school to a much more economically balanced enrollment, middle-class families may be attracted to move into the area.

The latter effect can be greatly enhanced if the two hospitals were to adopt a program of employer-assisted housing benefits – a policy that is increasingly being adopted by hospitals and colleges around the country. With their own institutional funds they would make zero-interest loans to staff interested in buying homes in the Hamilton neighborhood; the loans would assist with down payments and closing costs and a portion could be forgiven for each year the worker remains in the hospital's employ. Furthermore, the hospitals would subsidize a local mortgage lender to make long-term, low-interest mortgages to their staff moving in. Being surrounded by stable, mixed-income, low-crime neighborhoods is the hospitals' most cost-effective "security" of all.

Thus, the program would be a "win/win" for all parties.

**Recommendation #2:
County and City should investigate possibility of enacting
inclusionary zoning for major land use conversions**

In my research for this visit, I was surprised to calculate that La Crosse County's housing market had a relatively high economic segregation index (a 41 compared with metro Milwaukee's worst-in-the-nation 51) in Census 2000. This is particularly surprising because 85% of the county's poor families are Anglo. (Poor Anglos are typically much more scattered around than poor minorities.) This means that the poorest of the poor are

quite concentrated in a limited number of city neighborhoods.¹⁴ It also means that little affordable housing is being built in new developments on the region's urbanizing edges. Though I haven't examined local zoning practices, much new development may be characterized by local government requirements for large minimum lots or large minimum square footage per house. That is often characterized as "exclusionary zoning."

Over 135 cities and counties have enacted "inclusionary zoning" ordinances that require homebuilders to set aside a percentage (usually 10-15%) of new developments for lower-income households in return for density bonuses and other cost-offsets. Such policies are particularly effective when combined with Montgomery County MD's practice of having its housing authority buy one-third of the inclusionary units.

To succeed – and protect homebuilders' profitability – inclusionary zoning typically works only in high-cost housing markets where builders have a market incentive to build as much housing on high-priced land as possible (hence, making density bonuses a viable tool). Moreover, local governments are normally motivated to do so because in large, complex metro areas, local teachers, police officers, firefighters, etc. cannot afford to live in the very communities they serve and must travel long distances from their job sites to find housing that is affordable for them.

Neither precondition exists here in La Crosse County. Average home prices are 80% of the national average, and commuting times and distances are relatively short. I would not normally raise the issue of inclusionary zoning in such a region.

¹⁴ How can La Crosse County have a very low economic school segregation index (21) and a relatively high economic housing segregation index (41)? In part, of course, because of its economic integration policy, city schools are more economically integrated than city neighborhoods. In part, factoring in the presence of "temporarily poor" college and university students inflates this economic segregation index that is based on individual poverty; the *family* poverty index, which I have not calculated, would be somewhat lower. The biggest factor is probably that qualifying for subsidized school meals covers a much wider income range. For a family of four, the poverty threshold in 2004 was \$19,307. However, a student qualified for free school meals with a family income of up to 135% of the poverty levels (or \$26,064) and for partially subsidized meals with a family income of up to 185% of the poverty level (or \$35,718). Obviously, a much wider array of families falls within that expanded income range (particularly in rural towns), whereas, as stated earlier, the housing segregation index is measuring where the poorest of the poor live.

Nevertheless, it strikes me that there are two circumstances where the economics of inclusionary zoning *might* work: 1) when agricultural land is being converted to residential development, and 2) when largely abandoned industrial or commercial land is being converted to residential use.

I believe that it would be worthwhile for the county government (for to-be-rezoned agricultural land) and the city government (for to-be-rezoned industrial or commercial land) to explore the potential economics of inclusionary zoning within the context of the county's evolving comprehensive plan. This must be done with the full involvement of the private sector. If inclusionary zoning were to be economically feasible in certain limited circumstances here, a successful policy must strike a fair balance between meeting affordable housing needs and protecting the builders' profitability.

My advice: take a look ... *but proceed very cautiously!*

Recommendation #3:
**County should initiate major farmland
purchase of development rights (PDR) program**

Phrases like “loss of farmland” obscure the reality that the farmer is almost always a willing seller. In many urbanizing areas farmland is more valuable for “growing houses” than growing crops.¹⁵ Selling off acreage periodically may be necessary to supplement inadequate farm earnings. The value of the land is also a typical farmer's 401(k). As retirement years loom, without a son or daughter interested in taking over the family farm, a farmer understandably is interested in cashing in for the best price available. Often the best return comes from subdividing the land.

Farming and forestry are not inconsequential to the La Crosse County economy. However, one of the more startling facts is that in 2003 total farm earnings were \$10.2 million and total forestry earnings were \$2.9 million. By comparison, total manufacturing earnings were \$457.8 million

¹⁵ According to the La Crosse County Comprehensive Plan (Table 5.1), from 1990-97, converting farmland to non-agricultural uses was more profitable in the towns of Burns, Greenfield, Onalaska, and, above all, Hamilton and Holland. Selling farmland for continued agricultural use was more profitable in the towns of Bangor, Farmington, Barre, and Washington. Insufficient data were available for the few small transactions in the largely urbanized towns of Medary and Shelby.

and total health care and social assistance earnings (excluding all such government services) were \$517.7 million.¹⁶ In effect, your two hospital complexes and related services had almost forty times the economic impact that the farming and forestry sectors had.

From the perspective of the county's urbanized population, I would suggest, an active farming and forestry industry is the most cost-effective way of maintaining open space. If rural landowners are to continue to provide this highly valued quality-of-life amenity, they should be paid for it. Both the state's Farmland Preservation Program and its Managed Forest Law Program are temporary, provide only very modest tax benefits, and have enrolled about 50% and 15% of potentially eligible farmland and forest land, respectively. (The farmland preservation participation rate might seem impressive, but the average tax benefit in La Crosse County was only \$1,012 per farmer in 2000.)

Thus, I recommend that the county initiate a major, continuing Purchase of Development Rights (PDR) program. Under a PDR program a rural landowner would voluntarily sell surface development rights to the county at a negotiated price. A PDR transaction is akin to selling subsurface mineral rights; the land owner retains the full right to farm the land (or harvest the forest) but has received immediate cash payment for foregoing the opportunity to subdivide the land for future development.

La Crosse County is the proper local framework within which to develop a PDR program. County government can take a comprehensive approach to balancing development and preservation. County government has significant planning and zoning responsibilities within the 12 towns. Most significantly, with access to the largest tax base, county government has the largest bonding capacity under state law (\$281 million in 2003), has utilized barely 10% of that, and has the region's highest credit rating (Aa3). Moreover, the county's Department of Land Conservation would be the logical administrator of such a program.

Across the country, local bond issues for farmland preservation and open space acquisition have consistently received overwhelming voter approval. My own Albuquerque approved a \$36 million, multi-year open space acquisition bond several years ago. Albuquerque is a much larger community than La Crosse County (\$9.2 billion in aggregate household

¹⁶ Mississippi River Regional Planning Commission. *2005 Comprehensive Economic Development Strategy*. Table on Personal Income & Total Employment by Industry in the La Crosse County Profile.

income in Census 2000 compared with La Crosse County's \$2.1 billion). A proportional commitment by the voter-taxpayers of La Crosse County might be in the \$8-9 million range. Based on admittedly outdated information (cited in footnote 15), that might have been sufficient in the 1990s to purchase permanent development rights ranging from 3,500 acres (at Town of Holland prices) to 8,500 acres (at Town of Hamilton prices).

I commented earlier on how struck I have been by the many ridge lines around the county now crowned by expensive homes. Isn't it fortunate that the City of La Crosse acquired Grandad's Bluff years ago? Otherwise, Grandad's Bluff today might be topped by a 20-story luxury condominium building.

**Recommendation #4:
explore creating a La Crosse County-led,
multi-year, multi-jurisdictional "compact,"
combining anti-sprawl land use planning,
unified economic development, and tax base sharing**

My fourth recommendation serves more to outline a concept rather than recommend a specific program. As your 19th *local* government, La Crosse County has a very representative and accountable governmental structure (a 35-member county board of supervisors); an overall perspective on the region's needs; wide-ranging land use planning and zoning powers not found in many "little boxes" states; and access to the county's full tax base with the highest credit rating among all local governments.

County, city, village, and town officials, and citizens should explore more systematically how the county government might serve as the vehicle for "acting as one" on issues and responsibilities that clearly cross city, village, and town boundaries.

In my view, the central regional issue is always "what gets built where for whose benefit." To me, key elements for "acting as one" would include

- comprehensive, anti-sprawl land use planning and zoning (With far less state direction than Wisconsin provides, Lancaster and Chester Counties in Pennsylvania have successfully negotiated county-wide plans with their 60 and 73 incorporated, "little boxes" municipalities, respectively);

- an even more unified and collaborative approach to county-wide economic development (The 14-year old Dayton-Montgomery County OH ED/GE program has brought all 30 municipalities into a unified, county-led effort.); and
- county-wide tax base sharing – not so much for its revenue equalizing effects per se but because tax base sharing serves as the fiscal glue that holds together collaborative efforts on land use planning and economic development; while new development would be encouraged in some jurisdictions and discouraged in others, all would share in the revenue benefits wherever the growth occurs.¹⁷ (Under the state-mandated Twin Cities Fiscal Disparities Plan, the USA’s most significant tax base sharing program although it is physically located entirely within suburban Bloomington MN, seven counties, 188 municipalities, 60 school districts, and 40 other special purpose districts share revenues from the Mall of America.)

E pluribus unum – from the many, one. That’s our national motto. Here in the County of La Crosse you’ve shown a willingness to reach across lines of race and income to create one community.

Now the challenge is to reach across jurisdictional lines to create one community on a larger scale that can compete as a region in bigger leagues.

¹⁷ See *The La Crosse Metropattern: the Case for Regional Cooperation* (September 2005) by Lawrence Kirch and Tim Kabat of the City of La Crosse Planning Department for an excellent discussion of regional tax base sharing. I would recommend the “40 percent growth revenue sharing” approach outlined.