



MENARD FAMILY INITIATIVE

AN ANALYSIS OF
LOCAL ECONOMIC
OUTCOMES

FALL 2023

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MENARD FAMILY
INITIATIVE



An Analysis of Local Economic Outcomes

**Edited by Menard Family Initiative
Co-Directors Adam Stivers and Nabamita Dutta,
Researcher Nicholas McFaden, and
Faculty Fellow Anup Nandialath**

Published February 28, 2024

Our Mission

The Menard Family Initiative seeks to further our understanding of the free market and the political, economic, financial, and social institutions that guide the working of the same.

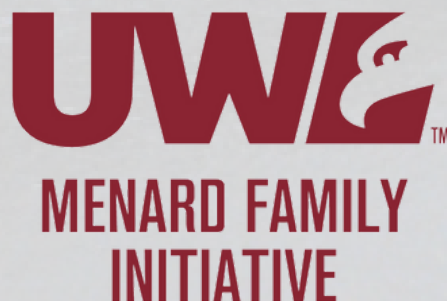


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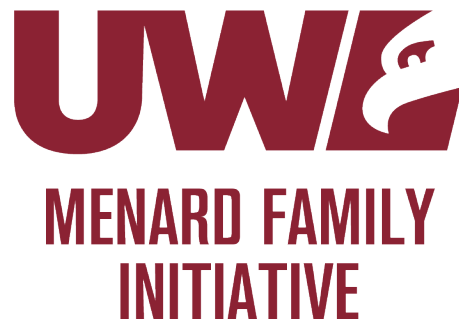
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PREFACE

NAVIGATING CHANGE: INTERDISCIPLINARY PERSPECTIVES ON REGULATION AND INNOVATION IN WISCONSIN DR. ANUP M. NANDIALATH

We are pleased to present a curated volume that brings together essays exploring the intricate balance between regulatory frameworks, economic innovation, and societal well-being in the state of Wisconsin. This collection, through its four essays on occupational licensing, the nexus of entrepreneurship with educational institutions, the housing market in the state of Wisconsin, and the role of Artificial Intelligence on economic well-being seeks to illuminate the pathways through which policy, education, and societal needs intersect and impact each other. The impetus for this volume emerged from a series of discussions and reflections involving students and research fellows of the Menard Family Initiative (MFI) at the University of Wisconsin in La Crosse. We aim to create a platform for dialogue that not only introduces and describes issues but also proposes forward-looking solutions to the challenges.

Unlocking Opportunities: A Deep Dive into Occupational Licensing in Wisconsin

The first essay penned by Scott Rosendahl studies how licensing, which is critical in certain occupations, plays a central role in increasing unemployment. Occupational licensing plays a significant role in society as it serves as a regulatory measure to ensure professionals in various fields possess the requisite skills, thereby safeguarding consumer interests and maintaining the requisite service standards. Its proliferation, initially limited

in America's manufacturing-dominated economy, surged with the shift towards service-based jobs, and the Progressive era, now encompasses approximately 25% of the labor force. This expansion, however, has sparked debates over its efficacy, with critics arguing that excessive licensing creates entry barriers, inflates consumer costs, and potentially reduces competition within the industry. This essay presents evidence regarding the implications of licensing on economic outcomes such as unemployment rates among others.

In Wisconsin, the results seem to indicate the state's mixed performance in terms of licensing burden, unemployment, and economic freedom. The evidence also seems to suggest the obsolescence of certain licenses, like those for butter makers and cheesemakers, and the redundancy in others, such as the seven different classes of blasters. Thus, this begs the question, is licensing a boon or a bane? The state's recent surge in emergency teaching licenses, a response to teacher shortages exacerbated by declining enrollment in educator preparation programs and reduced teacher salaries, underscores a critical area for reform. Scott concludes the essay by advocating for a comprehensive reassessment of occupational licensing practices to reduce unnecessary burdens, promote economic freedom, and address specific issues like the emergency teaching license crisis through targeted initiatives and reforms, emphasizing the

need for a dynamic policy approach to meet contemporary challenges.

Unraveling the Entrepreneurial Landscape: A Comprehensive Analysis of University Influence, Economic Impact, And Social Capital

In the second essay, Lindsey Scheurer explores the relationship between entrepreneurship and various economic and social factors, with a particular focus on the role of universities and social capital in fostering an entrepreneurial climate. The fundamental premise is that universities, by their presence and the quality of education they provide, contribute to economic prosperity and the cultivation of an entrepreneurial spirit within their local communities. This inquiry extends to examining social capital at both the state and county levels, assessing how interpersonal connections and community values impact economic and entrepreneurial outcomes. She provides analysis using data from the Kauffman Indicators of Entrepreneurship, the U.S. Bureau of Economic Analysis, and the Social Capital Index, alongside regulatory data from the Mercatus Center and the Cato Institute. The approach is multifaceted, comparing counties with and without University of Wisconsin campuses and extending the analysis to broader state-level comparisons between Minnesota and Wisconsin.

Her key findings indicate a lack of correlation between the presence of University of Wisconsin campuses and higher levels of local entrepreneurship, as measured by the Kauffman Indicators. Surprisingly, counties with UW campuses generally performed lower on several entrepreneurship indicators, contrary to the original hypothesis. However, the

outcomes concerning economic impact paint a different story. The economic impact of these universities revealed a positive correlation with enhanced and sustained economic growth in counties with UW institutions, showcasing higher real GDP and per-capita GDP figures. Additionally, the analysis of social capital demonstrated that counties hosting UW universities consistently ranked higher on various indices of social capital compared to the state average, suggesting that while the direct impact on entrepreneurship may be ambiguous, universities positively influence economic prosperity and social cohesion. The exploration of social capital at the state level further underscored the significant standing of Minnesota and Wisconsin, with both states ranking highly in terms of institutional health, social support, and philanthropic health. However, challenges such as trust in the media are identified as areas needing improvement. In summary, the essay underscores the complexity of identifying clear causal relationships in the dynamic interplay between education, social structures, and economic activity, and sets the stage for future research to build upon these preliminary insights.

Housing, Homelessness, Economic Freedom, and American Rescue Plan Act

In The Third essay, Mitchell Kocialkowski's analysis explores the multifaceted factors influencing the housing market within Wisconsin. The essay delves into how the price-income ratio, wage trends, housing price trends, diversity, age of homes, and zoning laws shape the local housing markets. The essay integrates data from multiple data sources such as Zillow, the American Community Survey for wage

information, and the U.S. Census Bureau, as well as an examination of local zoning laws to conduct a multifaceted analysis of housing market dynamics, particularly focusing on affordability, the need for modernization in housing stock, the role of diversity and zoning laws in shaping market outcomes, and the potential benefits of redeveloping historical buildings for residential use.

The findings indicate a decrease in housing affordability across several markets, as evidenced by increasing price-income ratios and a discrepancy between the rates of wage growth and housing price increases. The analysis also highlights that a significant portion of housing stock was built before 1980, suggesting a dire need for modernization to enhance economic prosperity and community attractiveness. Additionally, the research delves into the impact of zoning laws on the development of high-density housing and the promotion of diversity within communities. The case of La Crosse is spotlighted for its unique challenges and opportunities, including the exploration of historic preservation versus the need for modernization and the exploration of novel housing projects like the Riverside North Project aimed at increasing housing units and density.

The essay underscores the complex interplay between zoning laws, historical preservation, and the need for modern housing solutions to address affordability, diversity, and economic prosperity in La Crosse and similar Wisconsin areas. The implications of this research would suggest a pressing need for policy reforms, particularly in zoning and land use, to facilitate the development of affordable and diverse housing options.

Moreover, the study points to the potential of converting underutilized buildings to address housing shortages while preserving the historic character of communities. The findings suggest that a deeper investigation into demand drivers for housing, the economic freedom landscape's role in shaping housing markets, and long-term strategies to combat homelessness through initiatives like "Housing First" and community-business partnerships could be helpful from a policy perspective.

The State of Free Market Reform in Wisconsin

The final essay in this volume penned by MFI Researcher Nicholas McFaden suggests that Wisconsin's economic outlook presents a challenging scenario, with several indicators suggesting it is trailing behind other states. For instance, Wisconsin ranks low in GDP growth, population increase, and youth business involvement, painting a somewhat bleak picture for future economic expansion. Despite these concerns, the essay suggests that free-market reforms could potentially help revive the state's economy. Examples of these reforms include repealing outdated taxes, embracing educational innovations, and updating occupational licensing all of which could help in economic revival.

A central theme in the essay focuses on the relationship between economic freedom and migration patterns to understand Wisconsin's net population loss. While the state boasts strong economic freedom in metropolitan areas like Milwaukee, this has not curbed the exodus to other states. The analysis suggests that factors such as climate and proximity to other cities might

overshadow economic incentives. Nonetheless, the repeal of the tangible personal property tax is seen as a significant step toward enhancing the state's business appeal, suggesting that while economic freedom is not the sole factor, it may indeed be a crucial piece of the puzzle in attracting and retaining residents and businesses.

A common theme across all the essays in this volume underscores the importance of strategic policy choices in education, occupational licensing, healthcare, and housing regulation as critical drivers for economic growth. While challenges are evident, the strategic application of free-market principles could indeed be the key to unlocking Wisconsin's economic potential.

UNLOCKING OPPORTUNITIES: A DEEP DIVE INTO OCCUPATIONAL LICENSING IN WISCONSIN

SCOTT ROSENDAHL

Occupational licensing is the regulatory process through which the government grants individuals or organizations permission to operate within certain professions or perform certain services. Its intended use is to ensure that people operating in certain fields are skilled professionals, protecting consumers and ensuring that services received meet a high standard. However, over-usage of occupational licensing can result in barriers to entry in these fields, higher costs to consumers, and the potential for monopolies and oligopolies to form.

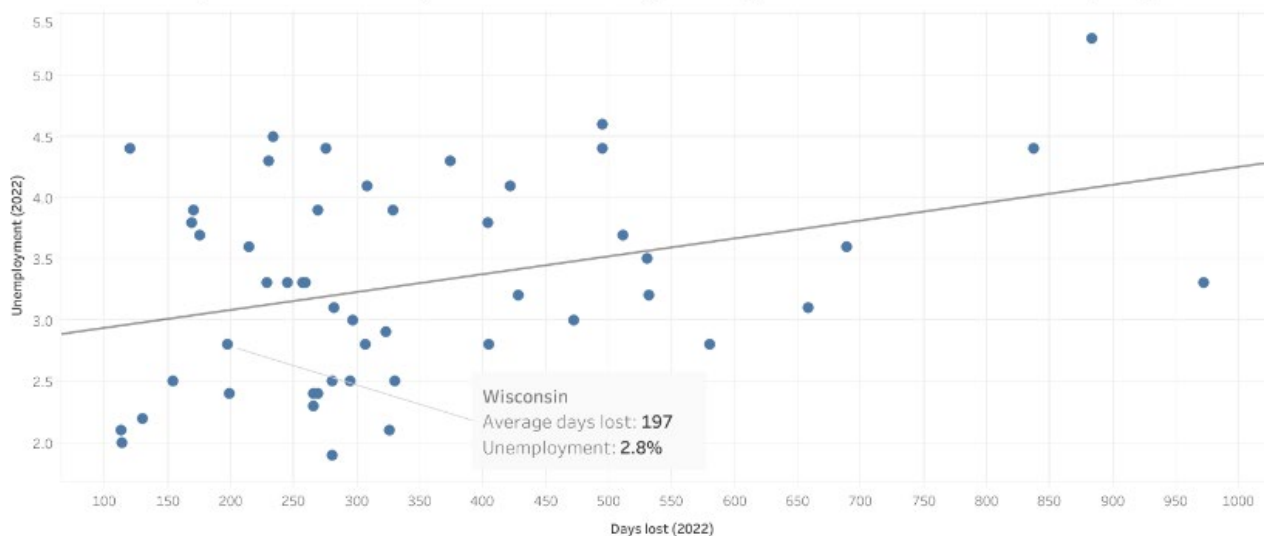
The concept of occupational licensing has existed for as long as the concept of regulation has existed. However, the use of occupational licensing in the American economy was mostly niche during its early growth. Because the economy mostly relied upon manufactured goods, licensing was not as necessary. However, as America transitioned more towards

service-based jobs and entered the Progressive era, the rate of licensed jobs exploded from around four percent to 25 percent of the entire labor force (Larkin).

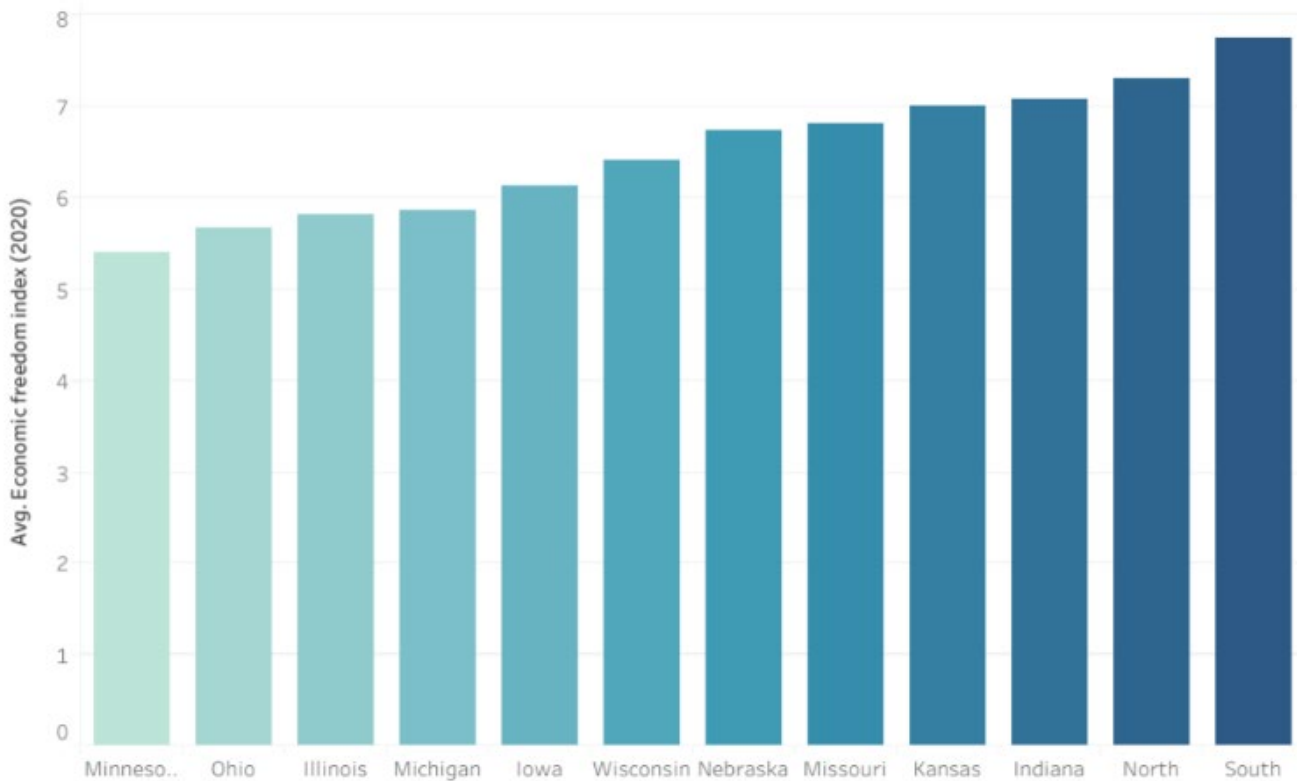
As occupational licenses have become a larger part of the U.S. economy, their effectiveness has come into question, with many claiming that they are being overused (Robinson 2). This is a complicated issue that offers many insights and conclusions, depending on the angle of analysis.

During this semester, I began by researching the effects of occupational licensing across the United States, then focusing on Wisconsin in particular, and finishing with research on the recent emergency teaching licensing crisis in Wisconsin. Throughout this essay, I will summarize the results of my research and provide recommendations based on my findings.

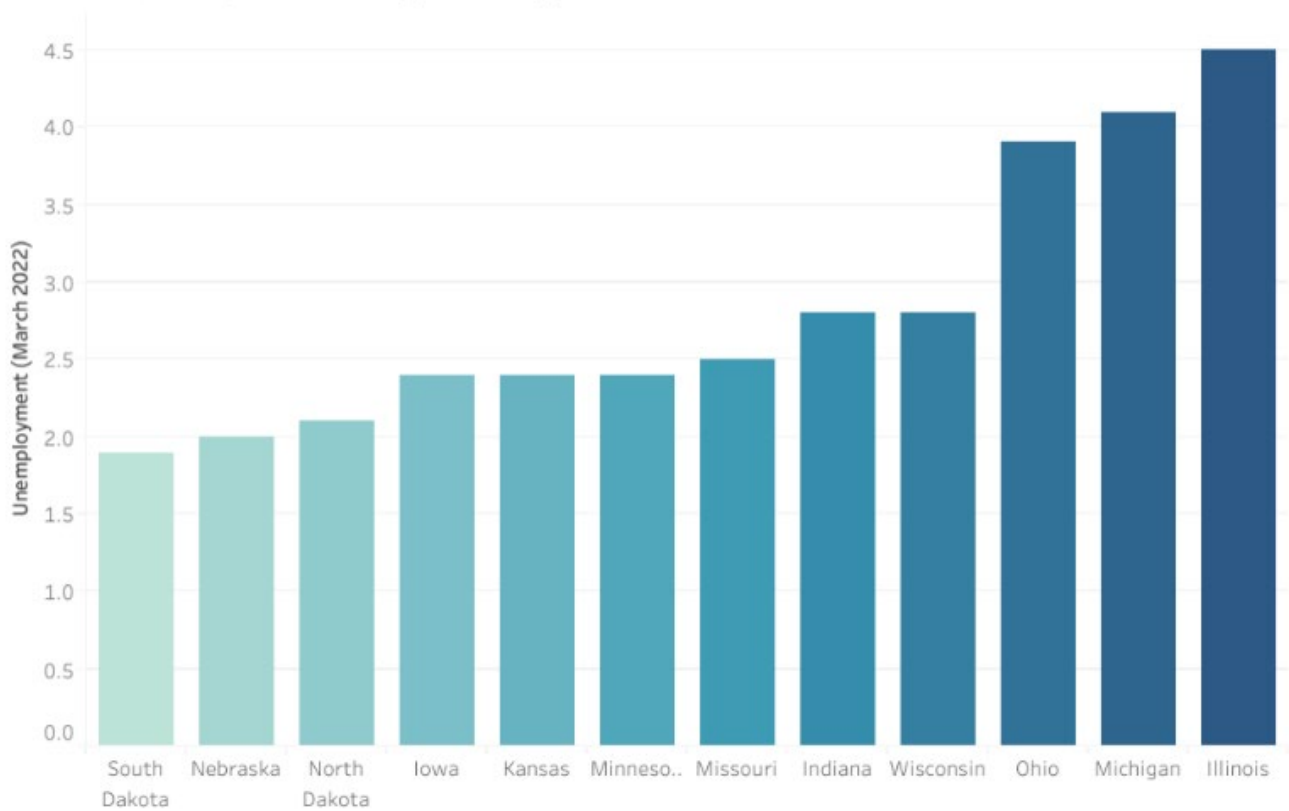
Relationship between days lost while getting a license and unemployment



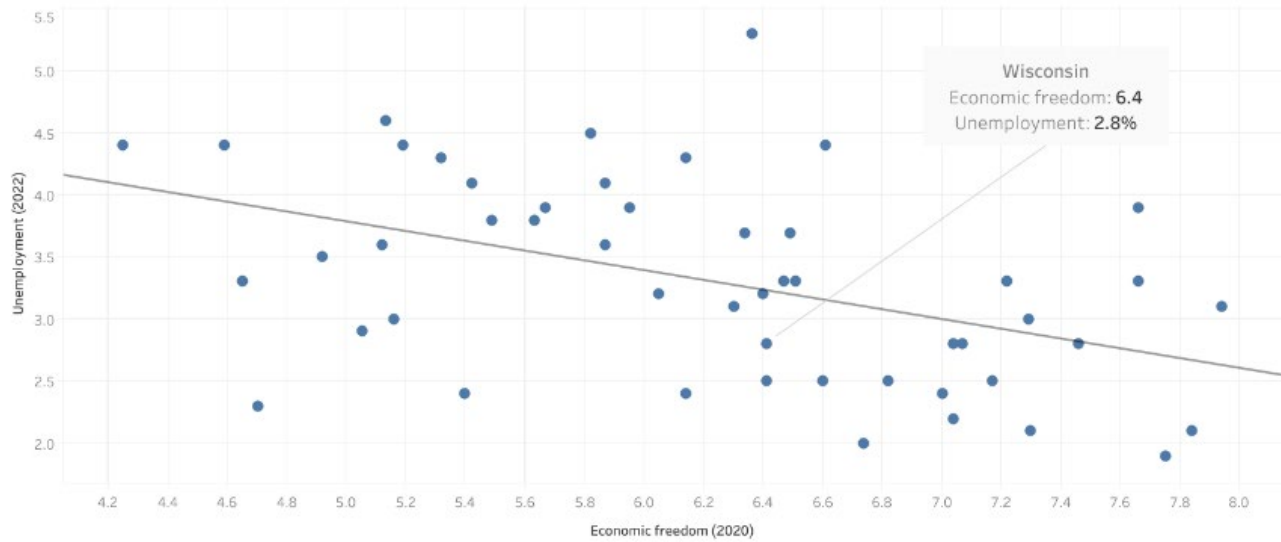
Economic Freedom (2020) in the Midwest



Unemployment (2022) in the Midwest



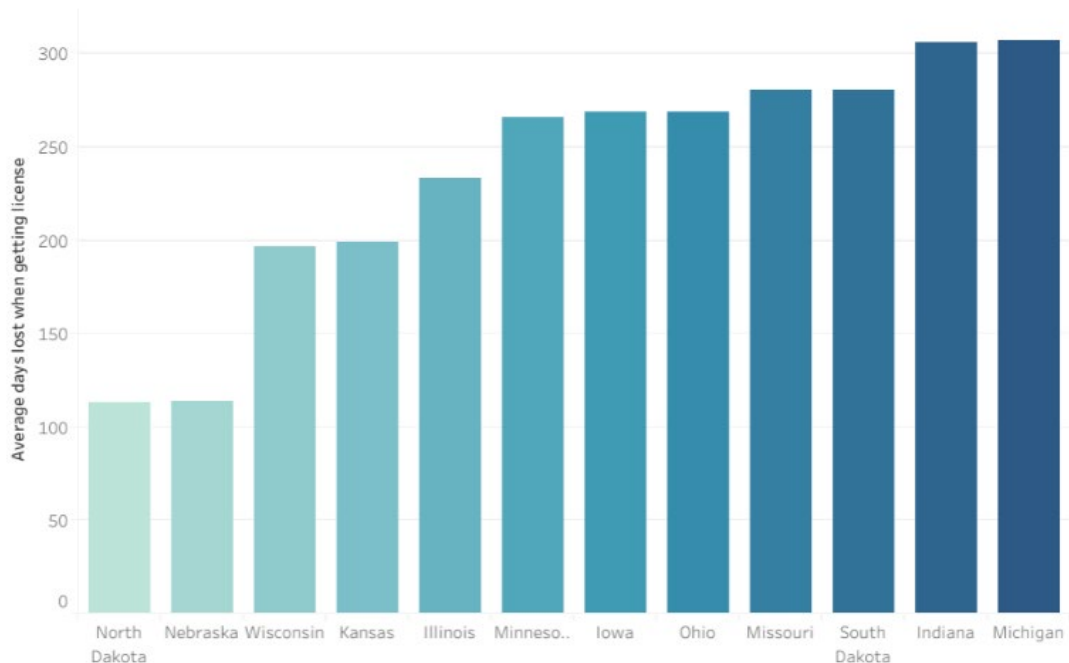
Relationship between economic freedom and unemployment



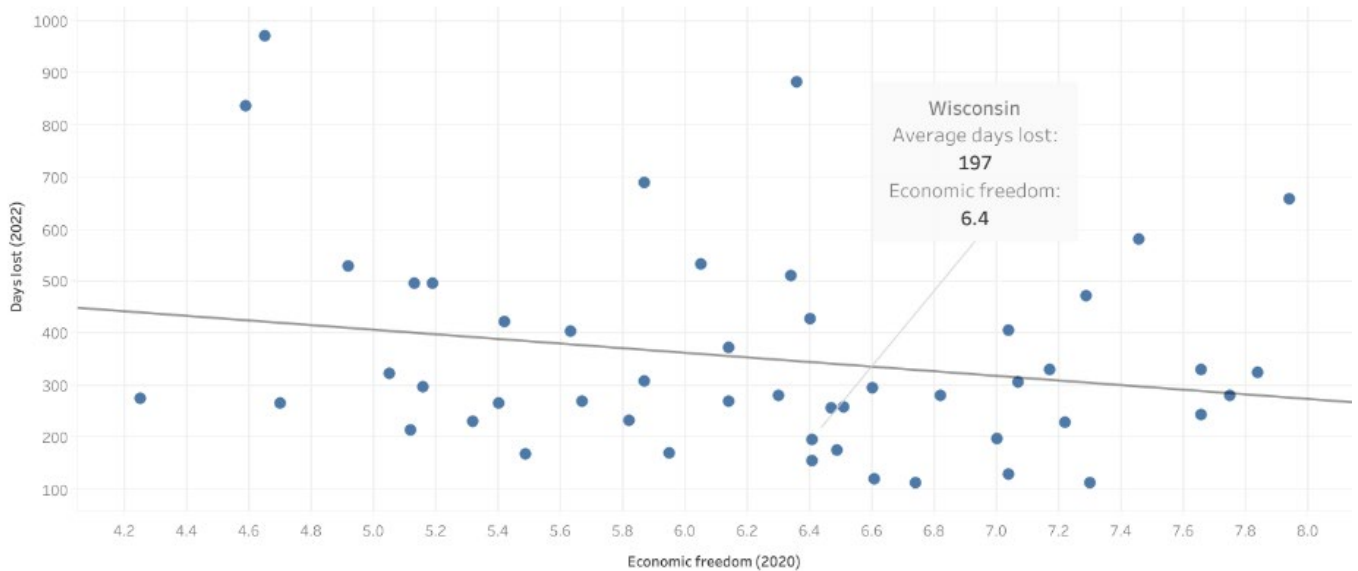
One of the primary issues with occupational licenses is differences between US states in licensing laws, allowing workers in some states to enjoy advantages due to more relaxed regulations. By exploring the relationship between unemployment rates (U.S. Bureau of Labor Statistics), economic

freedom (Stansel et al, 17), and the extent of average occupational licensing burden, which is calculated using the average number of days spent in training for one of 102 lower-income licensed occupations (Institute for Justice), some key findings can be made about the effects of occupational licensing.

Average days lost while getting a license (2022) in the Midwest



Relationship between economic freedom and days lost while getting an occupational license

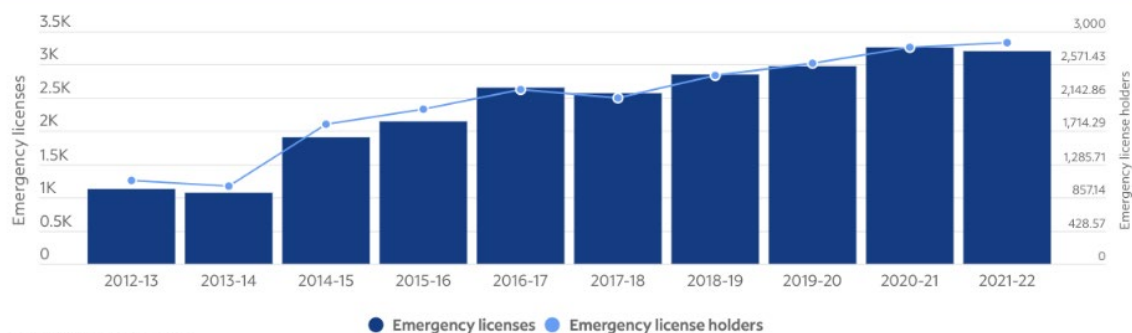


There is a positive relationship between the number of days lost while getting an occupational license (occupational licensing burden) and the unemployment rate. In other words, it has been observed that states with lengthy procedures to get an occupational license have higher unemployment rates. This has many implications, suggesting that increasing the occupational licensing burden increases barriers to entry. Also, since this

data only includes 102 lower-income jobs, it can be reasoned that a high burden disproportionately affects those of lower socioeconomic class.

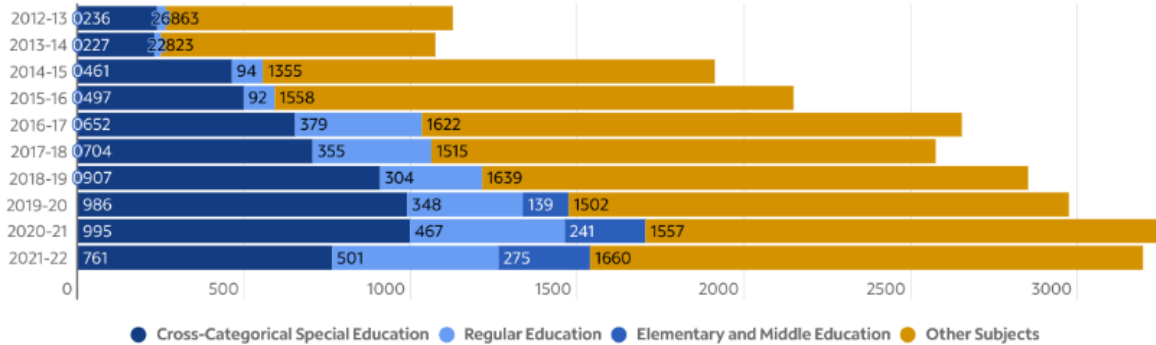
It has also been observed that states with higher economic freedom have lower unemployment and lower licensing burdens. This could be a result of factors like increased job mobility and a culture of innovation fostered by areas with high economic freedom.

Number of people holding emergency teaching licenses in Wisconsin has nearly tripled over last decade



Source: Wisconsin Policy Forum

Cross-Categorical Special Education, Regular Education and Elementary and Middle Education account for 61.5% of emergency license increase



Wisconsin is labeled on the above charts, and on all three metrics taken into consideration (license acquisition burden, unemployment, and economic freedom), Wisconsin does well (higher than average on economic freedom, lower than average on the other two). Although this paints a positive picture of Wisconsin, many of these measures' averages are skewed by states with high or low populations. Realistically, Wisconsin is very close to the average in the Midwest on every measurement.

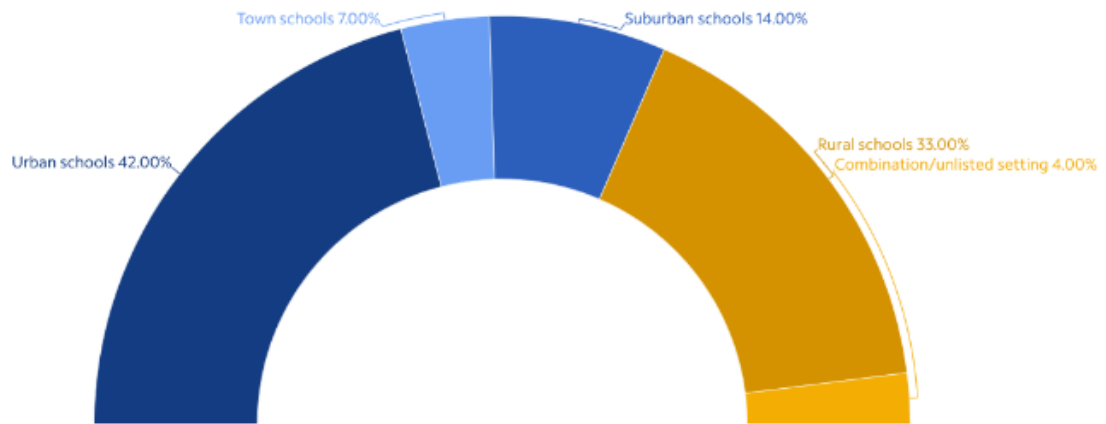
Wisconsin specifically has some antiquated licenses that have been recommended for removal by the Wisconsin Department of Safety and Professional Services (DSPS). Many of Wisconsin's licenses, like butter makers and cheesemakers, are unique to only Wisconsin, which encourages would-be workers to operate in other states, damaging Wisconsin's economy. Because of this, many licenses in this category have very few active issuances – for example, there are only 43 licensed butter makers in Wisconsin.

Another similarity shared by many of the licenses recommended for elimination is a lack of recent complaints. Some licenses, like Solid Waste Incinerator Operator, have had no complaints within the past five years.

Some antiquated licenses are also simply redundant. For example, there are seven different classes of blasters issued by the Wisconsin government, but there is nothing to distinguish any of these classes from one another.

Recently, Wisconsin has seen an extreme increase in the issuance of emergency teaching licenses. These licenses are meant to allow schools in desperate need to hire teachers without a bachelor's degree, allowing these teachers to work until they can obtain a standard teaching license. However, the issuance of emergency teaching licenses has become a long-term strategy - the Wisconsin Department of Public Instruction granted 3,197 emergency teaching licenses during 2021-2022,

Schools in urban and rural areas are most likely to employ people with emergency teaching licenses



Source: Wisconsin Policy Forum

which is an increase of over 180% from ten years previously (Prouty).

This is due to a few factors impacting how many teachers enter the labor force. Of all would-be teachers who enroll in educator preparation programs in Wisconsin, only about 75% can complete them.

Additionally, the median salaries of teachers have declined despite high levels of inflation, which has likely discouraged would-be teachers from pursuing a career in education.

These shortages do not impact types of education and types of schools equally. Special Education, Elementary Education, and Middle Education account for over 60% of the increases in emergency licenses across the past ten years. Additionally, schools that are in urban or rural areas are more likely to face issues with emergency teaching licenses.

The process of occupational licensing was designed to ensure professionalism and safeguard consumers in certain

practices. As it has become a critical facet of the U.S. economy, the extent and manner of its usage warrants a nuanced evaluation and possible adjustment.

The variation in licensing laws and economic freedom between states makes it difficult for states with stricter regulations to encourage economic mobility and innovation. In general, due to factors like lower rates of unemployment in states with more economic freedom and lower occupational licensing burdens, certain states are more economically successful than others.

To reduce its occupational licensing burden and increase economic freedom, Wisconsin should follow the suggestions outlined in the Wisconsin Occupational Licensing Study Legislative Reports. Research on the intricacies of specific licenses has revealed that these licenses should be eliminated.

To address the abundance of emergency teaching licenses, Wisconsin should direct money toward addressing

underlying teacher shortages. Strategies like improving conditions for completing educator preparation programs, revisiting salary structures, and implementing targeted initiatives for certain subjects and regions can help mitigate this ongoing crisis.

In general, reevaluating and refining occupational licensing structures is essential to ensure quality services while avoiding the creation of excessive barriers to entry. In this ever-changing world, policy needs to be ever-changing to address issues that arise. If done correctly, implementing these recommendations can contribute to a more efficient, equitable, and responsive licensing system.

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UNRAVELING THE ENTREPRENEURIAL LANDSCAPE: A COMPREHENSIVE ANALYSIS OF UNIVERSITY INFLUENCE, ECONOMIC IMPACT, AND SOCIAL CAPITAL

LINDSEY SCHEURER

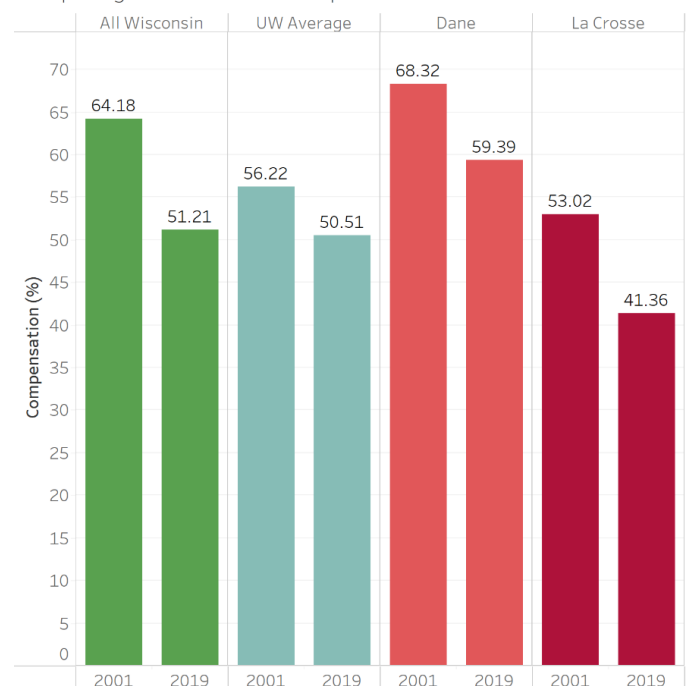
Entrepreneurship is a key driver of economic activity and success. To analyze this often-heard statement this report builds a better understanding of entrepreneurial and economic indicators. If entrepreneurship drives the economy, what drives entrepreneurship? How about what prevents a thriving entrepreneurial society? I began this broad research idea by looking at the Universities of Wisconsin, with the theory that these schools provide a climate in their counties for prosperous economic and entrepreneurial societies. Taking a step back, I looked more broadly at the success of Minnesota and Wisconsin in terms of social capital. Finally, I began to focus more intently on entrepreneurship which I look forward to continuing in the spring semester.

To start the semester, we were assigned to conduct research on local entrepreneurship and create a poster displaying our findings. I explored the surface-level impacts the Universities of Wisconsin (UW) main campuses have on local entrepreneurship. To analyze this impact, I compared the average of counties with main campuses and the average of Universities of Wisconsin counties to the Wisconsin average. I also noted La Crosse County which holds the University of Wisconsin - La Crosse and Dane County which holds the University of Wisconsin - Madison. To compare these, I used the Kauffman Indicators of Entrepreneurship, contribution,

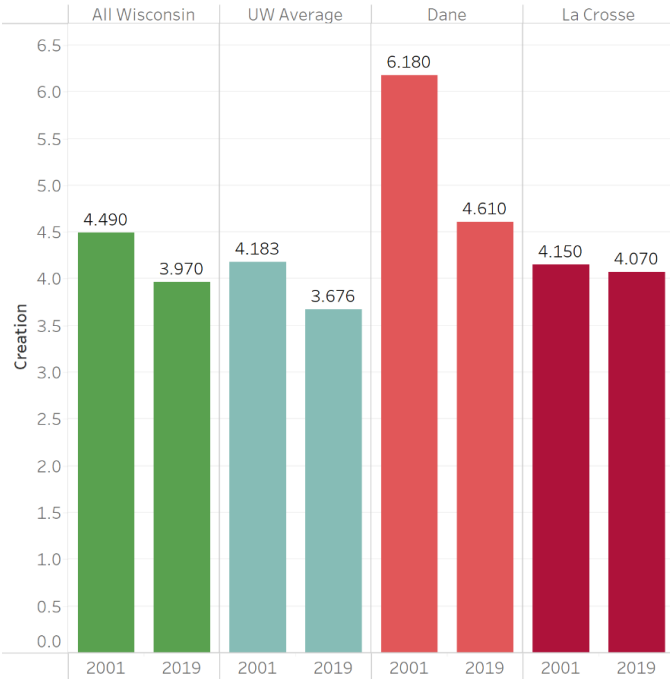
compensation, creation, and constancy. I also compared the real gross domestic product of the Universities of Wisconsin counties and the average of Wisconsin counties that do not hold a UW main campus.

As college campuses tend to foster innovation and provide experiences that can promote entrepreneurial interest and abilities, I suspected there would be a correlation between high levels of entrepreneurship and counties with universities. However, this is not what the data concluded. The counties with a UW main campus were lower on three of the four indicators of entrepreneurship, compensation, creation, and constancy (Kauffman Indicators of Entrepreneurship).

Comparing 2001 and 2019 Compensation



Comparing 2001 and 2019 Creation



Compensation is defined as relative earnings of private sector jobs at firms aged 0–1-year-old in a specific geography compared to the average earnings at firms of all ages across the U.S. (Kauffman Indicators of Entrepreneurship). Dane County, La Crosse County, and Wisconsin county averages (UW and non-UW system) all see a decrease in compensation from 2001 to 2019. Dane County sits about 8 percentage points above the Wisconsin average in 2019. Meanwhile, La Crosse County was about 10 percentage points below the Wisconsin average and the UW average was only slightly below.

Creation is defined as the number of net new jobs created at firms aged 0–1-year-old per 1,000 people (Kauffman Indicators of Entrepreneurship). La Crosse and Dane County both show relatively inconsistent creation over time. However, Dane County remains a leader in creation year after year. In 2019 both La Crosse and Dane

Counties were above both the Universities of Wisconsin average and the Wisconsin average.

The third indicator that the Universities of Wisconsin counties fell behind in is constancy. Constancy is the share of jobs held at firms aged 0–1-year-old that last three quarters or more (Kauffman Indicators of Entrepreneurship). Throughout time the averages of Universities of Wisconsin counties, Dane County, La Crosse County, and the Wisconsin average reflect similar patterns and percentages.

Finally, the Universities of Wisconsin counties are ahead for contribution which is the share of private sector jobs held at firms aged 0–1-year-old. Although overall Universities of Wisconsin counties are ahead of Wisconsin for contribution, La Crosse and Dane County are both behind. It appears La Crosse County especially lacks in contribution.

Overall, there was not much strong evidence of any correlation between the Universities of Wisconsin and the indicators of entrepreneurship. However, I still felt that there must be some correlation between universities and economic prosperity. I decided to venture into this thought next.

Branching to another impact of the Universities of Wisconsin, I began preliminary research to explore the correlation between universities and local economic prosperity. I had the idea that the Universities of Wisconsin are renowned for the quality education they provide in Wisconsin and can contribute to the economy through the stream of a skilled labor force. Therefore, there would likely be a positive correlation between

Creation from 2001 to 2019



counties with universities and strong economies.

My research found a positive correlation between counties hosting Universities of Wisconsin (UW) university and their enhanced and sustained economic growth. For instance, in 2019, La Crosse County, home to UW–La Crosse, had notably higher figures in both real GDP index (U.S. Bureau of Economic Analysis) and per-capita GDP (U.S. Bureau of Economic Analysis), having 146 and \$58,000 per capita respectively. Similarly, Dane County, where the largest UW university, UW–Madison, resides, showcased impressive growth with 160 and \$75,000 per capita in these economic indicators, surpassing the averages observed in counties across Wisconsin.

It is particularly interesting to highlight the growth in the Real GDP Index from the U.S. Bureau of Economic Analysis as it incorporates crucial aspects such as labor trends, revenue, and the value of

production. These elements are directly influenced by a skilled labor force, further emphasizing the pivotal role that universities in the Universities of Wisconsin (UW) system play in shaping economic prosperity.

To capture more ways the universities, contribute to their economies, I took a look at social capital which focuses on interpersonal connections and values that improve society’s functionality. To do this, I used the social capital index from 2018 (United States Congress, Joint Economic Committee) which encompasses family unity, community health, and institutional health. I found that Universities of Wisconsin counties consistently rank higher for all the social capital indices than Wisconsin's average, with La Crosse and Dane Counties leading the way.

When I looked at the family unity index, which considers factors such as the proportion of births to unmarried women,

the percentage of married women, and the share of children residing in single-parent families, I found that La Crosse County takes the lead, closely followed by Dane County. Notably, both counties significantly outperform the averages for family unity observed in Wisconsin and UW counties.

Furthermore, in the community health index, assessed through factors including the presence of non-profit organizations, religious congregations, and the strength of informal civil society, Dane County leads. Meanwhile, La Crosse County maintains a commendable position above the average of UW system counties, which in turn surpasses the Wisconsin state average.

Similarly, when examining institutional health, which is measured by factors encompassing voting participation, census response rates, and confidence in public institutions, both Dane County and La Crosse County demonstrate higher rankings compared to UW system counties and the Wisconsin state average.

Overall, I found that counties hosting UW Universities consistently display stronger economies than their counterparts without such institutions. However, it would be difficult to move forward with this research. While there is a correlation between universities and economic strength, it would be difficult to prove causality. For example, it is possible these counties were initially selected to host universities due to their economic potential and stability beforehand.

While I could not carry on looking at universities, I was intrigued by the social capital index. I decided to take a step back

and look more broadly at state levels for social capital. The social capital index contains richer data at the state level as it includes seven subindices while the county level only includes three.

Impressively in the most updated social capital index by the United States Congress Joint Economic Committee in 2018, Minnesota secured the second spot, while Wisconsin claimed an impressive third place in the overall rankings which included all fifty states and the District of Columbia. This ranking is much higher than Wisconsin's other neighboring states. Iowa ranked ninth, Michigan was twenty-seventh, and Illinois came in twenty-eighth.

When exploring the sub-indices, both states excelled in institutional health, social support, and philanthropic health. Minnesota even held the top position nationwide in institutional health. This subindex considers five factors including census response rate, voting rate, and confidence in various institutions such as the media, public schools, and corporations.

The strongest part of institutional health for both Wisconsin and Minnesota is the percentage of the population with confidence in public schools, about 90%. Institutional health, however, isn't without its challenges, particularly in terms of media trust. Both Minnesota and Wisconsin have room for improvement in this area, with only about 60% of the population expressing confidence in the media. This trust deficit often stems from the prevalence of misinformation, a pressing issue in our information age.

Recently, I have started to focus back on entrepreneurship. This started with an

interest in regulations and how they can impact entrepreneurship. To start, I looked at regulatory data from the Mercatus Center at George Mason University and the Kauffman Indicators of Entrepreneurship for Wisconsin and neighboring states. An issue I ran into however, is the regulatory data was only available for 2017 and 2020-2023. Meanwhile, the entrepreneurship data only went to 2020. Due to this, the only years we could compare across data included 2017 and 2020. On addition to this, 2020 data cannot be used to draw reliable conclusions for this topic as the pandemic affected many entrepreneurial functions. This left me with 2017 data only to compare between regulations and entrepreneurship. I created initial visualizations using Tableau to see if there was any correlation in 2017 alone but no clear results could be deciphered. Although there was little data available, there may be data that can be extracted from text using R.

This semester has expanded my knowledge of research. The ability to explore different topics and have exposure to rich data sets has allowed me to gain a better understanding of data analytics. Going forward I hope to compile data from many sources in Excel to see if there are trends and/or correlations with the Kauffman Indicators of Entrepreneurship. I plan to continue working with the social capital index (United States Congress, Joint Economic Committee) and explore economic freedom data such as the *Freedom in 50 States* index (Cato Institute). Another possibility is to create improved visualizations such as interactive maps to display this data. I am grateful for this semester of learning and am looking

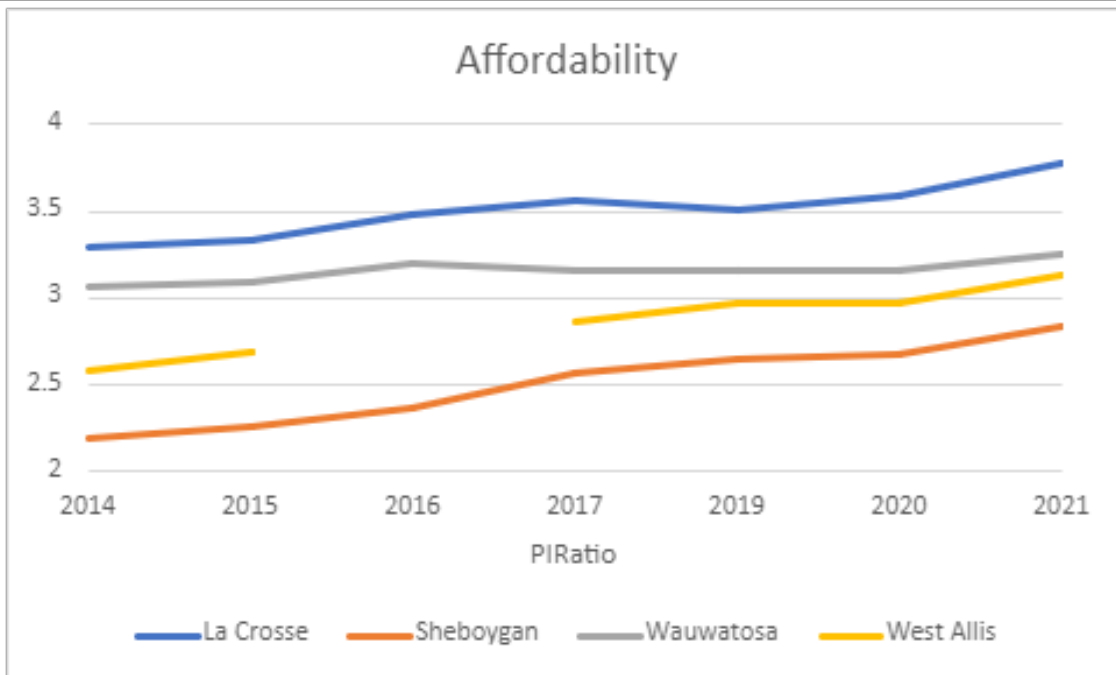
forward to delving deep into local, state, and country-level entrepreneurship.

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HOUSING, HOMELESSNESS, ECONOMIC FREEDOM, AND AMERICAN RESCUE PLAN ACT

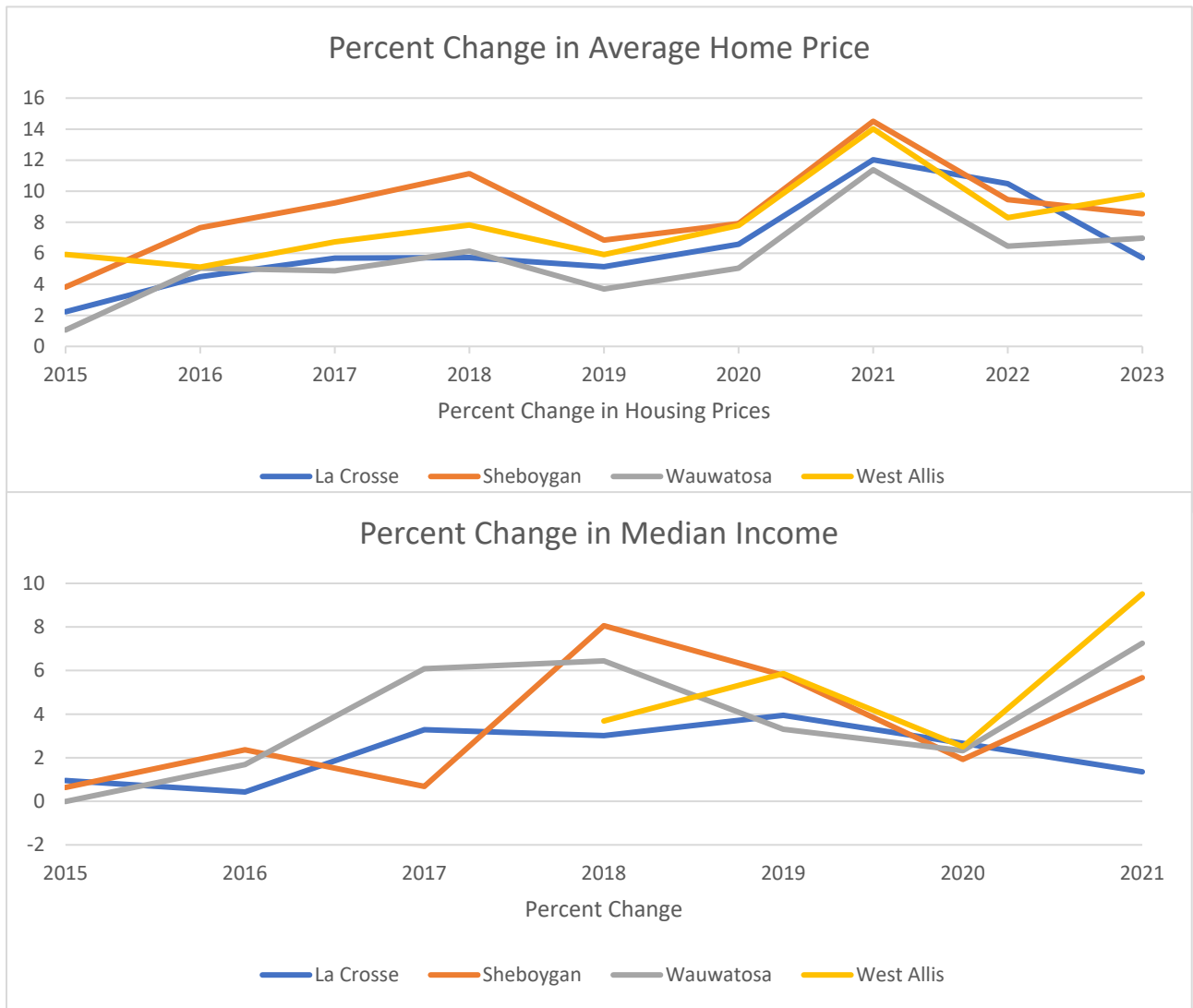
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When exploring the factors that shape a housing market, some factors that should be noted include the price-income ratio, wage trends, housing price trends, diversity, age of homes, and zoning laws. Looking at the health of different areas within Wisconsin can give an insightful view of how similar areas are dealing with their housing market needs. Some areas with similar populations, wages, and demographics are Sheboygan, West Allis, and Wauwatosa.

The first key indicator that will be discussed is the price-income ratio. To calculate this ratio, the median house price of an area is divided by the median wage of that same area. In Figure 1, the Zillow API data is used to determine the average house price, which Zillow adds to its data monthly.

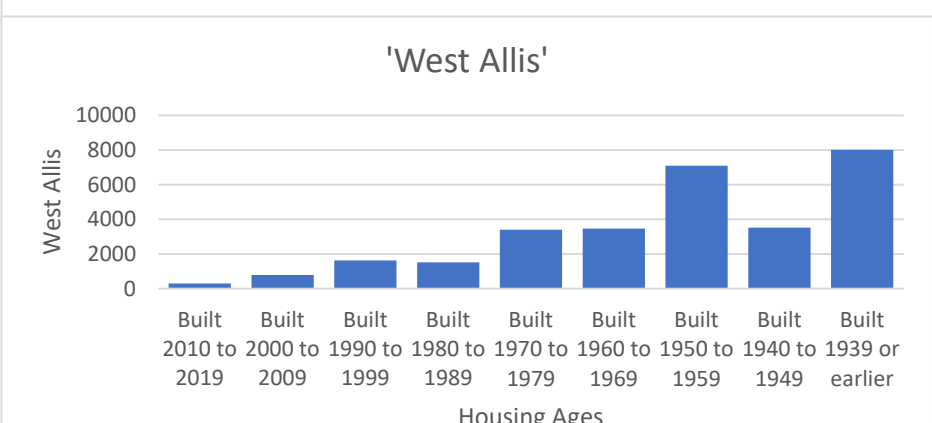
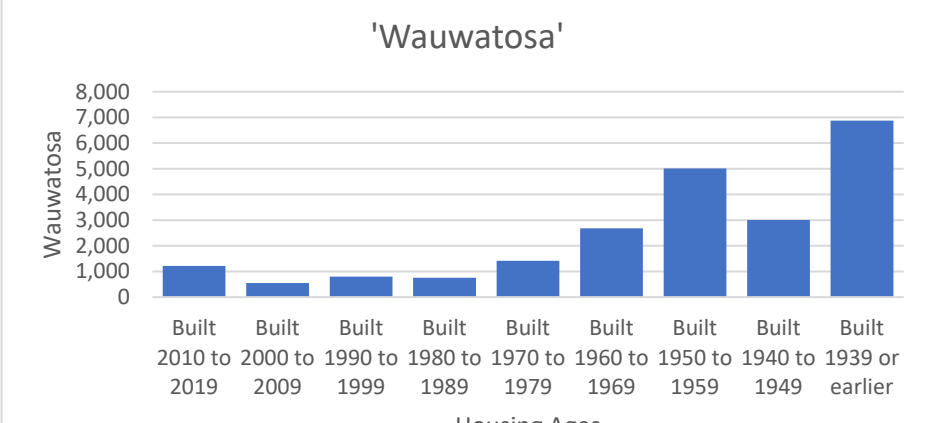
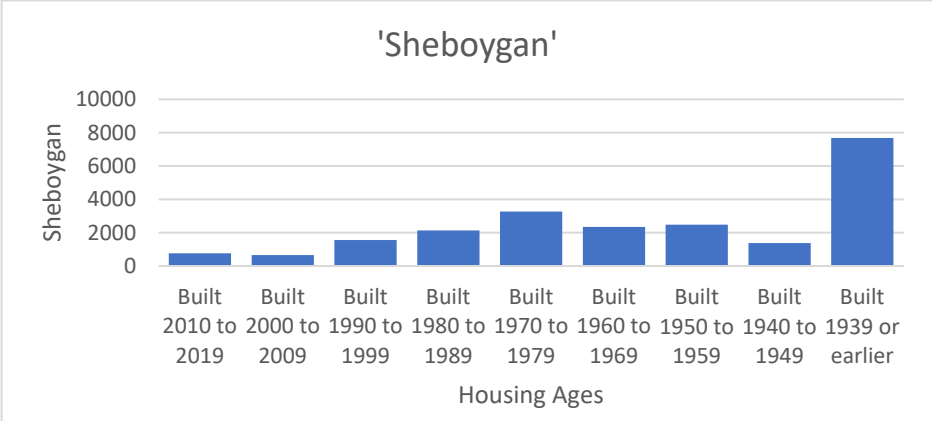
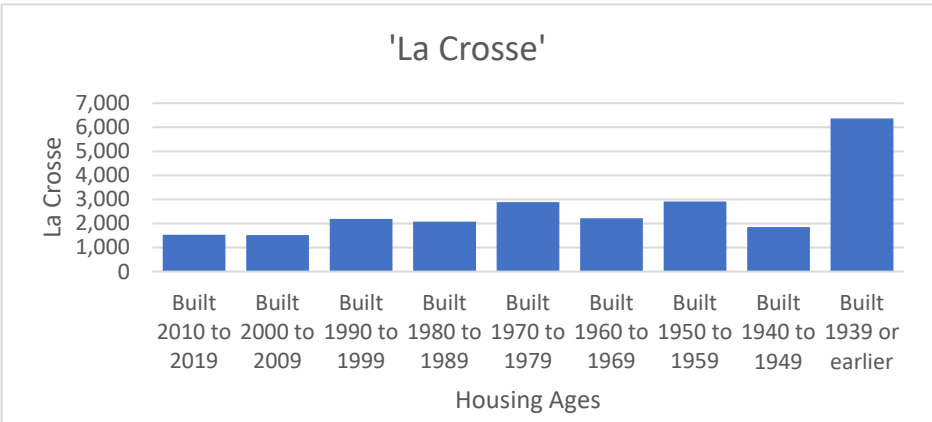
For the wage, using the American Community Survey, the median wage of each area was calculated. The average price of housing within these areas is then divided by the median wage. As a rule, an index less than 3 is considered very affordable, 3-5 is affordable, and greater than 5 is not affordable. Comparing the areas previously mentioned, the price-income ratio for every area is increasing, showing that the areas listed are becoming less affordable for constituents. Shifting the focus to La Crosse, out of all the areas listed it has the least affordable housing. According to the rule, housing in the area is affordable. However, the price-income ratio doesn't consider property taxes, insurance, mortgage rates, and other fees that come with owning a home.



The reason why it can be stated that housing today is less affordable is because of the trends of wages and housing within these areas. Year after year, wages increase at a slower rate than housing prices, as highlighted by Figure 2 and 3.

The change in average prices is calculated using the Zillow API data, while the change in median wage is given by the American Community Survey by the U.S. Census Bureau. The trend is not only specific to the La Crosse area but it can be shown that every area in the U.S. is experiencing a decrease in affordability.

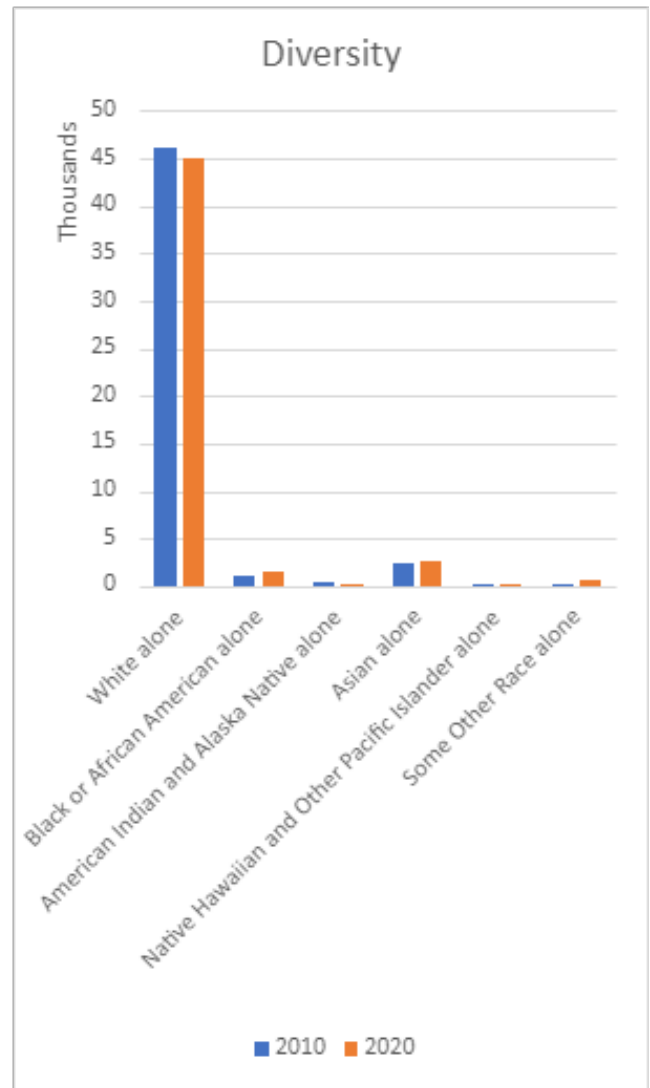
Using the U.S. Census Bureau data, the general age range of homes can be calculated. Figures 4, 5, 6, and 7 represent the age ranges of those areas. When comparing each area, it can be noted that most houses were built before the year 1939. When determining the modernity of areas, the calculation of the percentage of houses built before 1980 can be used. In La Crosse, the percentage is 70%. Sheboygan is 77%, Wauwatosa is 85%, and West Allis is 86%. These numbers indicate a need to update housing in each area. Providing a facelift to each neighborhood would promote prosperity by attracting families, investors,



and local businesses. Updating certain aspects of the neighborhood housing units will also give a certain image of prosperity within the area. When renovating, providing modern technologies will also be necessary to keep up with the demands for sustainable living such as transitioning from gas to utilities to electric.

Again, using data from the U.S. Census Bureau, solely looking at La Crosse, the area is not very diverse, as evidenced by Figure 8. To promote diversity within the area, the increase in housing units may attract a diverse set of people to move to the area. With such a large portion of La Crosse still being single-family homes, there is little to no room for an increase in diversity, making the area seem for exclusive than inclusive. With the introduction of high-density housing, such as apartment complexes, multifamily, homes, etc., there can be an increase in diversity. Another positive to this increase in high-density housing is increasing affordability in the area by increasing the supply of housing.

Zoning laws are a barrier to increasing the number of high-density housing units. These zoning laws could also be said to limit the increase in diversity. However, these zoning laws are not put in place explicitly to exclude others based on race or ethnicity, instead, they are used to benefit the current population by maintaining favorable property values and preserving a certain image of the area. Essentially, zoning is not used explicitly for exclusionary purposes, but rather, “it is the character of the community that government officials using zoning to protect, rather than to exclude minorities,” (Chakraborty, A.,



Knaap, G., Nguyen, D., & Shin, J. H., 2009). This increase in diversity can also lead to an increase in the labor force, local economic productivity, and entrepreneurship.

Considering the age of homes and the image of an area, historic preservation is the route taken by many communities to preserve their history and the sense of what their community should be. In the case of La Crosse, there are many homes and areas that have been deemed historic, preventing development on these plots of land. There are benefits and costs to historic preservation. Aside from the preservation of the community’s image,

short-term investment in upkeep can lead to a significant increase in property value. However, these short-term investments are very costly, and frequent upkeep is necessary to preserve the site. Some other negatives to historic preservation are the hindering of modernization efforts and the limiting of the potential to increase the supply of housing, which in turn results in less affordable living and higher property values.

Introducing conversions to older buildings or buildings that are no longer being used for their original purpose is a great way to increase the number of housing units within the community. Two such examples in La Crosse are the Gund Brewery Lofts and The Hub on 6th. The Gund Brewery lofts were converted from a bottling factory into an apartment complex, increasing the total number of housing units in the area by 86. The Hub on 6th was converted from a prison to an apartment complex, creating 95 additional units. With the introduction of more conversions, higher-density housing can be achieved while preserving the historic image of the area. Not only will these conversions bring housing units and preserve the image of the community, but they also allow modernizing the housing market, bringing a mix of the historic feeling of the building with modern amenities.

There are currently projects being discussed by the city of La Crosse, such as the Riverside North Project. The project is attempting to provide more housing, including mixed-use areas and multifamily housing. There is also an increase in commercial and industrial development planned for the project. One argument against this is that it ignores the

problems listed above. While this project will increase the number of housing units and enable greater economic prosperity, it ignores the conditions of the homes on the south side of La Crosse. These are older, single-family homes that will need to be addressed later and this project pushes that problem off to a later date.

A key component of any housing market is its zoning laws which allow for what can be built, where it can be built, and how it can be built. La Crosse County follows the Chapter 17 zoning codes. The zoning codes currently in place limit the types of buildings that can be built through limits on parking lot sizes and conditional requirements. As evidenced by the Riverside North Project, these regulations lead to urban sprawl. The most important issue associated with zoning laws is their hindering of the creation of affordable housing.

Within the county's zoning codes, there is a provision, Zoning Code 17.05(5)(d)1. a. i(ii), which states,

"ii. A parcel for a farm residence authorized by an Administrative Conditional Use Permit cannot do any of the following:

- (i) Convert prime farmland from agricultural use or convert land previously used as cropland, other than a woodlot, from agricultural use if on the farm there is a reasonable alternative location or size for a farm residential parcel or farm residence."

This conditional requirement stops the owner of a parcel of farmland from being able to use the property they bought for other purposes, such as housing. This not only limits the economic freedom of land buyers in the area but also the amount of

Municipality	Population			Housing Units			Area (acres)			Population Density*			Existing Land Use			Housing Density*		
	2010	2020	2025	2010	2020	2025	Total	Water	Land	2010	2020	2025	Res.	Vacant	Occupied	2010	2020	2025
T. Bangor	615	660	680	234	254	263	22400	0	22400	0.027	0.029	0.030	324	12	312	0.750	0.814	0.843
T. Barre	1234	1384	1443	481	545	571	13248	0	13248	0.093	0.104	0.109	460	103	357	1.349	1.528	1.601
T. Burns	947	1046	1087	415	463	482	30976	26.5	30912	0.031	0.034	0.035	487	12	475	0.873	0.974	1.014
T. Farmington	2061	2201	2267	877	945	974	48320	128	48192	0.043	0.046	0.047	852	172	680	1.289	1.389	1.432
T. Greenfield	2060	2255	2330	776	859	893	19264	0	19264	0.107	0.117	0.121	639	172	467	1.662	1.840	1.913
T. Washington	558	584	596	225	238	244	23104	0	23104	0.024	0.025	0.026	362	56	306	0.736	0.779	0.798
Subgroup1 subtotal	9485	9566	9832	4793	5086	5208	134208	154.5	134016	0.071	0.071	0.073	3650.41	526.69	3124	1.534	1.628	1.667
T. Campbell	4314	4340	4353	1995	2030	2044	8044	5587	2457	1.756	1.766	1.772	490	96	394	5.066	5.155	5.190
T. Hamilton	2436	2603	2677	882	953	982	32704	640	32064	0.076	0.081	0.083	984	338	645	1.366	1.476	1.521
T. Holland	3701	4196	4435	1346	1557	1636	29184	1984	27200	0.136	0.154	0.163	1159	325	833	1.616	1.869	1.964
T. Medary	1461	1638	1708	588	668	698	7488	0	7488	0.195	0.219	0.228	477	194	283	2.080	2.363	2.469
T. Onalaska	5623	6140	6517	2120	2330	2477	28736	5056	23680	0.237	0.259	0.275	1619	206	1413	1.500	1.649	1.753
T. Shelby	4715	4907	4987	1997	2094	2133	18624	2240	16384	0.288	0.299	0.304	1093	364	729	2.739	2.873	2.926
Subgroup2 subtotal	22250	23824	24677	8928	9632	9970	124780	15507	109273	0.204	0.218	0.226	7345.32	1523.94	5821	1.534	1.655	1.713
Town Subtotals	31735	33390	34509	13721	14718	15178	258988	15661.5	243289	0.130	0.137	0.142	10995.73	2050.63	8945	1.534	1.645	1.697
V. Bangor	1459	1426	1413	597	599	600	787	0	787	1.854	1.812	1.795	124	41	83	7.235	7.259	7.271
V. Holmen	9005	10061	10478	3521	3939	4106	3328	0	3328	2.706	3.023	3.148	673	134	539	6.538	7.314	7.624
V. Rockland	594	709	751	243	294	312	371	0	371	1.601	1.911	2.024	70	13	56	4.303	5.206	5.525
V. West Salem	4799	5102	5211	1869	2009	2065	2201	12	2188	2.193	2.332	2.382	391	30	361	5.174	5.562	5.717
C. La Crosse	51320	52396	52764	22628	23350	23671	14425	1292	13132	3.908	3.990	4.018	2640	256	2384	9.491	9.794	9.928
C. Onalaska	17736	18864	19706	7608	8164	8560	6867	384	6483	2.736	2.910	3.040	1498	295	1203	6.324	6.786	7.115
City & Village Totals	84913	88558	90323	36466	38355	39314	27979	1688	26289	3.230	3.369	3.436	6165.37	769.66	4626	7.883	8.291	8.498
La Crosse County	114638	120515	123404	48402	51291	52710	307200	17920	289280	0.396	0.417	0.427	17161.10	2820.29	13571	3.567	3.779	3.884

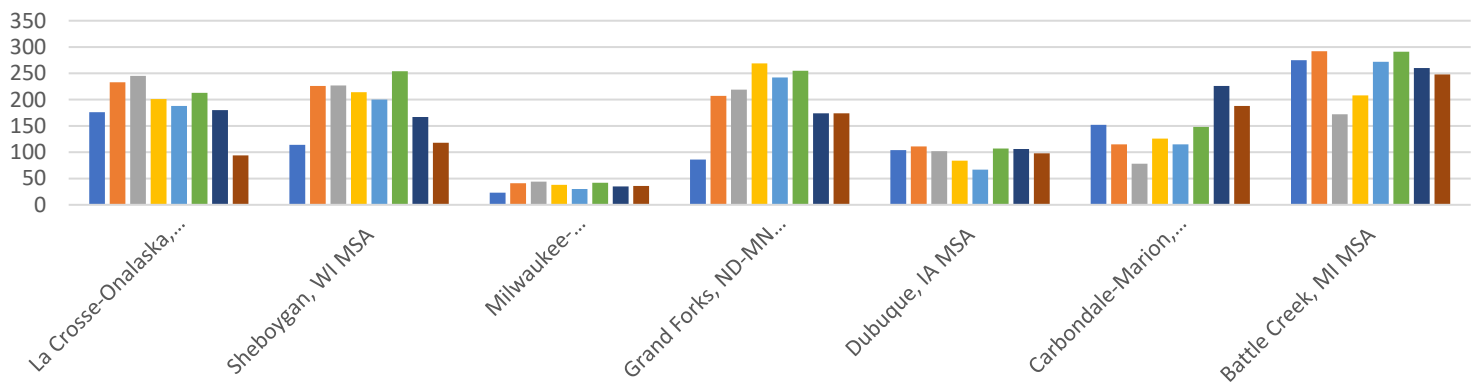
U.S. Census Bureau 2010, Census 2010 Summary File 1. Esri forecasts for 2020 and 2025. *density individual/housing unit per acre of land area

housing that can be created. The conversion of farmland from conditional use, while also being careful of the original intention of making that land conditional use, could be beneficial to the La Crosse area. Doing so could provide new development opportunities for investors and enable the creation of more affordable housing.

With the increase in the number of housing units in the area, there will also be an increase in housing density. For the efficiency of the community, this housing density should be centered around the business areas of communities, this being

downtown La Crosse, which provides easy access to main roads and business areas. According to the GIS data from La Crosse shown in Figure 9, there will be an increase in housing density in the area. This is where the single-family homes currently situated near the downtown business areas should be transitioned into apartment complexes and multifamily homes. Not only will this draw the attention of new families finding places to live, but it will also increase affordability, diversity, and business activity in the area. This also goes back to zoning laws; if zoning laws are reformed so that single homes and plots of land can be converted

Economic Freedom Ranks

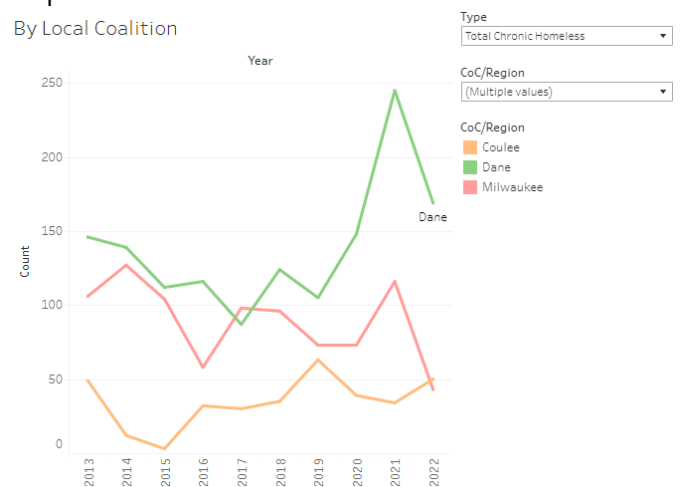


to high-density housing, this change can be easier for those involved in the process. Future research should include defining what drives demand for the housing market in La Crosse. Increasing the number of housing units within the area is not sufficient to determine the success of the housing market within an area. For future research, there should also be an analysis of income levels, employment opportunities, taxes and zoning, education, crime rates, sustainability scores, transportation cost and ease of access, and the overall cost of living (such as the price of groceries). Being able to determine the demand to live in the area will determine the level at which these methods of increasing housing units should be enacted, and when.

Another fact that should be determined is the ability to create demand and supply for the area. Essentially, how does La Crosse rank in terms of economic freedom. Regarding the housing market, this would include property rights, market regulation (including zoning), and tax policies within the area. Using Figure 10, data provided by the Reason Foundation, it is shown that within Wisconsin, regions with similar sizes and populations rank similarly, with Milwaukee-Waukesha-West Allis having a better economic freedom ranking than others. But when comparing La Crosse-Onalaska to regions that have similar populations, there are indications that La Crosse-Onalaska has a better landscape than those in states such as Michigan, Minnesota, and Illinois, with only Iowa having a better ranking. It appears that the city of La Crosse has an economic and regulatory landscape that allows it to improve its housing market at a faster rate than surrounding states.

The housing market also relates to homelessness, which was the focus of my first op-ed and will be briefly discussed here. Chronic homelessness within La Crosse is an issue. La Crosse faces increasing challenges with chronic homelessness, affecting both the community and local businesses. The City Council, acknowledging frustrations and the significant cost of homelessness (\$3.3 million), is considering a shift from reactive measures to long-term solutions, including the "Housing First" model and a focus on permanent housing. This approach mirrors Milwaukee's recent permanent housing initiatives, which coincided with the reduction of chronic homelessness by 63%, as shown in Figure 11.

Adopting permanent housing solutions in La Crosse could yield economic benefits by reducing costs in healthcare, law enforcement, and counseling services. This approach, by fostering a healthier community image, could attract new businesses and residents and further enhance the city's vitality. Long-term solutions, while initially expensive, promise sustainable community improvement.

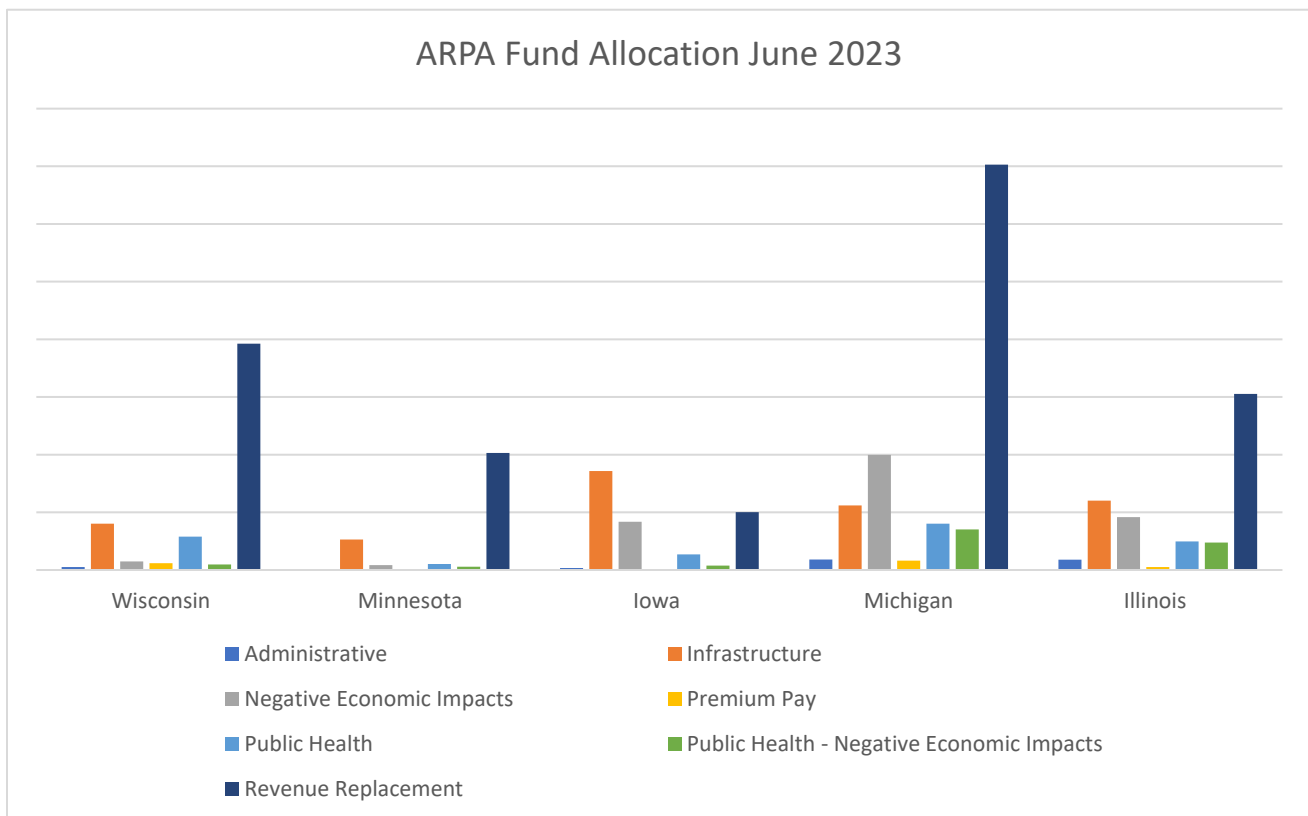


The city faces budgetary constraints in implementing long-term housing solutions. Proposed strategies include developing a centralized service and housing hub and exploring housing donations from banks, though renovations may incur significant costs. Converting older buildings and creating tiny homes are sustainable alternatives that align with the “Housing First” model, supporting urban renewal and diversification of housing options.

A novel solution is the introduction of a crowdfunding platform to raise funds and awareness for permanent housing initiatives. This approach, potentially supplemented with donation matching, actively engages the community in resolving homelessness, reducing the city's financial burden, and fostering a collective sense of responsibility. Overall, La Crosse's five-year plan to address homelessness should focus on sustainable, long-term solutions,

leveraging innovative housing models, business partnerships, and community involvement. These efforts aim not just to alleviate homelessness but to enhance La Crosse's overall quality of life, setting a precedent for effective community-driven solutions to social challenges.

Next is a summary of my second op-ed on The American Rescue Plan Act, which covers the implementation process and use of funds for states in the Midwest. To start, The American Rescue Plan Act (ARPA), enacted in March 2021, injected \$1.9 trillion into U.S. state and local economies. It aimed to address the economic impact of COVID-19 by replenishing public sector revenues, supporting public health initiatives, providing premium pay for essential workers, and enhancing public infrastructure. ARPA's implementation was marked by challenges, including a significant rise in inflation from 4.7% in 2021 to 8% in 2022. Additionally,



complexities in fund allocation and reporting procedures were highlighted in a survey by the Illinois Municipal League, indicating potential issues in managing the relief effort.

In Wisconsin, Governor Tony Evers' decision to allocate ARPA funds for projects like a soccer stadium and railroad museum faced criticism from entities like the Badger Institute, suggesting these allocations could exacerbate inflation and ignore more pressing community needs. The Local Government ARPA Investment Tracker, developed by national organizations, provided insights into the allocation of funds across states as of June 2023 and was also used to create Figure 12. The data shows states like Minnesota, Michigan, and Wisconsin focused heavily on revenue replacement, while Illinois balanced its spending between revenue recovery and public health. Iowa, conversely, invested significantly in infrastructure.

Despite the tracker's insights, the lack of detailed project costs makes it difficult to fully assess the effectiveness of spending. The varied range of projects across states reflects their unique priorities. For example, Iowa's emphasis on infrastructure aligns with its agricultural needs, while Wisconsin's diverse economy led to substantial revenue replacement efforts. The different strategies employed by states like Iowa and Wisconsin highlight ARPA's flexibility and the need for context-specific recovery efforts. These variations also open debates on the optimal use of funds, underlining the importance of tailored approaches in economic recovery.

Overall, the allocation of ARPA funds underscores the need for transparency and strategic planning. Future efforts should focus on protecting core industries, fostering affordable housing, and promoting employment growth. The lessons learned from ARPA's implementation are vital for shaping future economic recovery strategies in the U.S.

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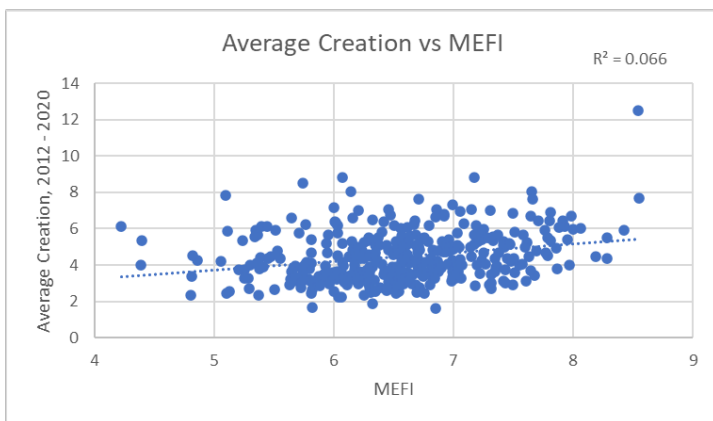
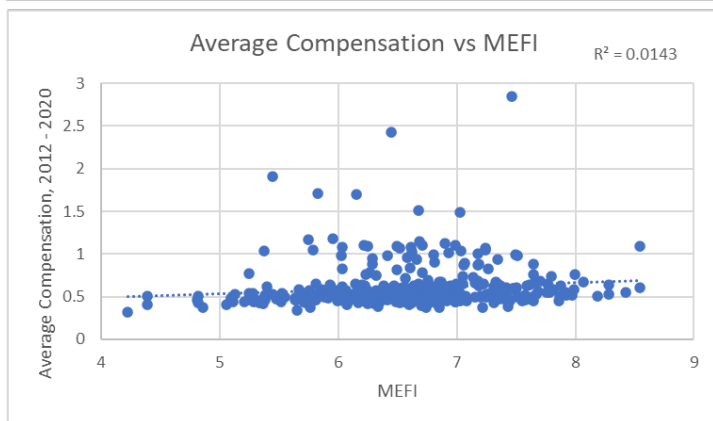
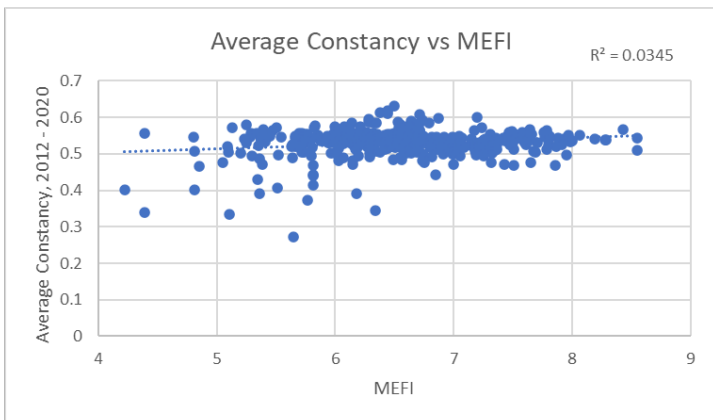
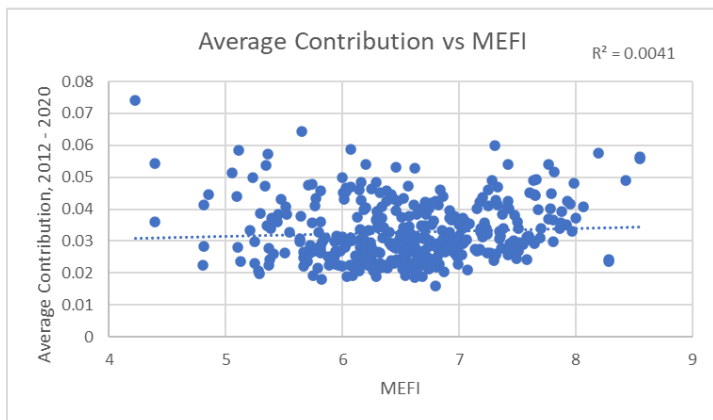
THE STATE OF FREE MARKET REFORM IN WISCONSIN

NICHOLAS MCFADEN

In June of 2022, the inflation rate in the United States reached a 40-year high. A year and a half later, inflation is down, and the US economy is, hopefully, approaching a soft landing in which inflation remains low and GDP growth persists. With this in mind and with COVID-19 in the rearview, Wisconsin should look to the future. Unfortunately, the economic future for Wisconsin does not appear especially bright. On several key metrics, Wisconsin is below average when compared to other states. Wisconsin ranks 38th in terms of real GDP growth from 2017 to 2022 (U.S. Bureau of Economic Analysis, 2023). The state also ranks 32nd in population growth from 2020 to 2023 and had the 13th highest median age among the states in 2020 (U.S. Census Bureau, 2023; U.S. Census Bureau, 2021). The Economic Innovation Group has developed the Index of State Dynamism, a unique ranking of states intended to better capture their overall level of economic dynamism by incorporating variables such as startup rates, housing permits per capita, and the share of workers in young firms. In the 2021 index, Wisconsin ranks 33rd on state dynamism (DiBenedetto, 2023). Throughout the entire timeframe for which the index is available, from 1992 to 2021, Wisconsin has never achieved an above-average rank. Further, Wisconsin performs best on its labor force participation rate (rank 11) and worst on its share of workers in young firms and startup rate (both rank 47), which does not paint a particularly optimistic picture of future economic growth.

Fortunately, the Menard Family Initiative (MFI) has recently published the book *Onward Wisconsin: Unleashing Capitalism with Common Sense Public Policy*, in which several scholars analyze major policy issues in Wisconsin and suggest evidence-based free market reforms that can be undertaken to better enable the state to flourish economically (Hoffer et al., 2023). In this essay, I will discuss existing research on the relationship between economic freedom and migration from Wisconsin and discuss various free-market reforms that have been implemented or proposed since the publication of *Onward Wisconsin*.

A 2022 paper by former MFI researcher Matthew Style and Wisconsin Law & Liberty's Will Flanders explores the relationship between economic freedom and migration to and from Wisconsin between 2015 and 2019. To do so, they utilize the Reason Foundation's US Metropolitan Statistical Area (MSA) Economic Freedom Index (Hoffer et al., 2022). They show that nearly all of Wisconsin's net loss in migration was due to migration from the Milwaukee-Waukesha-West Allis MSA to MSAs in other states. More general research on this topic has found a significant positive relationship between MSA economic freedom (MEFI) scores and inward migration (Arif et al., 2020). However, this relationship seemingly fails to explain why Milwaukee was the source of most of the state's emigrants; The Milwaukee-Waukesha-West Allis MSA ranks quite high on economic freedom at 29th, higher



than any other MSA in Wisconsin. Further, this is a higher ranking than six of the top ten MSAs with which Wisconsin experienced a net loss in migration. These are MSAs with warmer climates in the South – like Atlanta and Phoenix – and MSAs with moderate climates – like Seattle and Denver, indicating that weather may indeed play a key role. Yet, the Minneapolis-St. Paul-Bloomington MSA – with its much lower MEFI score of 207 – is the MSA with which Wisconsin experienced the largest net loss in migration. Of course, proximity likely explains much of this outcome, rather than economic freedom or weather. However, economic freedom could still explain these discrepancies as the US Metropolitan Economic Freedom Index is likely an imperfect measure of economic freedom. If the MEFI is still an accurate measure of MSA economic freedom, we would expect there to be a strongly

positive relationship between an MSA's score and its level of entrepreneurship. To explore this, I use the Kauffman Indicators of Entrepreneurship – discussed in more detail by MFI Fellow Lindsey Scheurer in her essay above. Figure 1 shows that, although there is a positive relationship between MEFI scores and all four indicators, the relationships are not especially strong.

There are two primary explanations for this: First, the index is quite dated at this point, being built with data from 2012. As a result, it fails to capture more recent reforms or regressions on economic freedom at the MSA level. Second, the index itself may fail to accurately capture a MSA's level of economic freedom due to the data components selected and how they are weighted. While the index incorporates government spending, taxation, and labor market freedom, it fails

to incorporate important factors like land-use regulation or the protection of property rights (Stansel, 2019). For example, in 2018 the Minneapolis City Council dramatically reformed its zoning regulations allowing for “the construction of multifamily housing, such as duplexes or triplexes, in neighborhoods that for decades have been reserved for single-family homes.” It would be difficult to argue that this is not an improvement in economic freedom for Minneapolis, yet this change would not be reflected in the MSA Economic Freedom Index even if it were up to date. A journalist at the Reason Foundation called it “one of the most deregulatory housing reforms in the country,” arguing that Minneapolis’ “urban liberals are won over to libertarian policies if not libertarian politics” (Britschgi, 2018). Relatedly, despite the Minneapolis MSA having a significantly higher per capita personal income in 2022 at \$75,000 compared to Milwaukee’s \$68,000, the median home price in both MSAs is nearly identical at approximately \$387,000 (U.S. Bureau of Economic Analysis, 2023; National Association of REALTORS®, n.d.). As for the protection of private property rights, one way of measuring this could be to examine rates of property crime at the MSA level. According to FBI crime data, however, Milwaukee had lower overall rates of property crime per person compared to Minneapolis in 2019 (Federal Bureau of Investigation, 2019). On the other hand, Milwaukee had more than twice as many violent crimes per capita in 2019.

Whether or not one should define bodily autonomy and physical safety as a property right is up for debate. Regardless, its relatively lower housing affordability combined with this significantly higher

risk of violence may help to explain why Milwaukee loses population to MSAs like Minneapolis, despite its higher MEFI score. Considering Milwaukee’s net-losses to other MSAs, it appears that economic freedom alone cannot guarantee economic revival. However, increasing economic freedom is likely to help, despite other issues that may persist.

The positive relationship between economic freedom and net-migration better explains state-level net-migration from Wisconsin. Of the five states with which Wisconsin has the greatest net gain in migration, all have lower economic freedom rankings. Three of these states – Illinois, Michigan, and Minnesota – are also in the Midwest. The other two are New Mexico and Louisiana, which – despite having warmer climates – are states with extremely high levels of poverty and economic distress (Economic Innovation Group, 2023). On the other hand, the five states with which Wisconsin has the largest net-losses in migration all have warmer climates and higher economic freedom scores. So, despite Wisconsin doing relatively well compared to other states in the Midwest, the Midwest itself is losing people to warmer, more economically free regions. Although it may not be possible for Wisconsin to compete for migrants at the same level as states with warmer climates, increasing economic freedom can only help.

Of course, one of the most consequential determinants of where individuals and businesses choose to move is tax policy. As of 2024, Wisconsin has finally repealed its tangible personal property tax (TPP). This tax, which was originally implemented in the early 1800s when Wisconsin was still a territory, required businesses to pay taxes

on tangible personal property, such as furniture, cleaning supplies, clothing, and more (Wisconsin Policy Forum, 2016). Taxing personal property imposes significant compliance costs and administrative burden on businesses, particularly small businesses. According to the Tax Foundation, complying with such a tax “requires documenting all assets... along with their acquisition price, acquisition date, and depreciation” (Walczak, 2023). Throughout the long history of the TPP tax, businesses in Wisconsin have secured numerous exemptions on various types of personal property, such as motor vehicles, manufacturing machinery, and eventually computers. As a result, business’ personal property as a share of the total property tax base has dramatically declined over time, from more than 17 percent in 1950 to less than 2 percent in 2021 (Wisconsin Policy Forum, 2016). As a share of total state tax revenues, the TPP tax represented less than 1 percent in 2021 (Walczak, 2023). Though repealing a tax which raises such little revenue may seem like an insignificant victory, doing so also eliminates the very significant compliance costs associated with it. These costs provided no benefit to taxpayers in and of themselves, making the TPP tax a particularly inefficient one. Additionally, Wisconsin is now 1 of just 14 states without a TPP tax. As a result, this could provide the state with a meaningful edge in interstate competition for business. Now, business owners and entrepreneurs will know that locating in Wisconsin comes with the added benefit of not needing to comply with such a burdensome tax.

Few state and local issues are of greater importance to parents than their children’s education. As MFI Student

Fellow Scott Rosendahl discusses in his above essay, one of the most pressing issues facing the public school system in Wisconsin is the dramatic rise in emergency teaching licenses over the last decade. This increase follows shortly after Wisconsin’s passage of Act 10 in 2011, which dramatically reformed the state’s public sector unions by limiting their bargaining power to base wages. While there currently exists no evidence directly linking Act 10 to the increase in emergency teaching licenses, research suggests that Act 10 led to reduced compensation primarily in the form of reduced benefits (Jorgensen & Moul, 2019). It seems plausible that this reduction in compensation is at least partially responsible for the teacher shortage which created the need for more emergency licenses. However, whether the increase in emergency licenses has negatively impacted educational quality is unclear. Fortunately, recent reports from Massachusetts and New Jersey have explored this question (Bacher-Hicks et al., 2023.; Backes & Goldhaber, 2023).

Both reports find that teachers with emergency licenses perform just as well as those with standard licenses. Further, they find that emergency-licensed teachers are more ethnically diverse compared to teachers with standard licenses. However, both Massachusetts’ and New Jersey’s increases in emergency teaching licenses were in response to educational disruptions caused by the Covid-19 pandemic, unlike in Wisconsin. Nonetheless, if emergency teaching licenses are as harmless in Wisconsin as they have been in Massachusetts and New Jersey, perhaps licenses for teachers – like many other occupational licenses – are unnecessary barriers to entry which

create higher costs without any gain in quality. Indeed, empirical research suggests this is the case (Angrist & Guryan, 2008). While reduced benefits and greater competition may seem like an undesirable outcome for teachers in Wisconsin, the solution again lies in free market reforms. In addition to benefits for students, research has found that the introduction of private school choice options also leads to increased wages for teachers due to increased demand-side competition (DeAngelis, 2018).

One policy area not discussed in *On Wisconsin* is occupational licensing. Fortunately, Scott Rosendahl's above essay provides an overview of occupational licensing in Wisconsin. In 2023, the Wisconsin Legislature Committee on Regulatory Licensing Reform made several recommendations for occupational licensing reform. While many of the recommendations are still under consideration, some have already been enacted. One of these is 2023 Wisconsin Act 55, which ratified the Counseling Compact, allowing "professional counselors licensed and residing in a Compact member state to practice in other member states without the need for multiple licenses" (American Counseling Association, 2023). Similarly, 2023 Wisconsin Act 56 ratified the Audiology & Speech-Language Pathology Interstate Compact (Wisconsin Legislature, 2023). A major bill under consideration is AB-332, which would establish universal licensing recognition in the state, enabling most licensed individuals who move to Wisconsin to receive a reciprocal license in the state (Spears, 2024). Another Bill, AB-204, would extend the renewal period for occupational licenses from 2 years to 4

years, which would ease burdens on license holders and the Wisconsin Department of Safety and Professional Services (Gunn, 2023). Additionally, lawmakers in Wisconsin are considering a bill to enable DACA recipients to qualify for occupational licenses, which could be a significant gain in employment opportunity for the nearly 6,000 DACA recipients living in the state (McGroarty, 2023).

Another reform Wisconsin should pursue is eliminating four-year degree requirements for most state jobs, joining the 16 other states that have already done so (Smalley, 2023). Doing so could create greater opportunities for those without college degrees while also reducing the cost of government administration by enabling greater supply-side competition for labor. *On Wisconsin* dedicates a chapter to discussing issues related to healthcare in Wisconsin and potential free-market reforms. Yet, in 2023 there were no major free market reforms implemented relating to healthcare in Wisconsin. There was, however, a healthcare-related occupational licensing bill passed that is now up for consideration by the governor; The APRN Modernization Act proposes to expand the medical practice capabilities of licensed Advanced Practice Registered Nurses (Wisconsin Nurses Association, 2024). Doing so could help to reduce healthcare costs and alleviate local shortages in healthcare supply.

Another major policy issue not covered in *On Wisconsin* is housing regulation. MFI Student Fellow Mitchell Kocialkowski's above essay provides a thorough analysis of the issue in Wisconsin as well as La Crosse in particular. In 2023, several laws

were passed which would provide government loans for the conversion of various types of commercial spaces into housing or renovations of aging single-family homes. A major law passed in 2023 is AB-266, which establishes “by right” zoning throughout the state, meaning that “if a proposed development meets the criteria the municipality has laid out in its zoning rules, ordinances and comprehensive plan, the local plan commission and city council must approve the project” (Redman, 2023). This law will help reduce delays or cancellations of residential housing development caused by arbitrary complaints by local community members. This represents a major improvement in economic freedom, allowing developers to build what they wish on the land they own, so long as it conforms to existing zoning and planning regulations.

While free-market reforms are key measures Wisconsin can undertake to incentivize businesses and families to locate here, it must also provide extraordinary public goods and services to distinguish itself from competing states. As discussed in Mitchell Kocialkowski’s essay, Wisconsin – like many other states – faces a significant homelessness problem. Of course, free market housing reforms can help alleviate this issue. Yet, for homelessness caused by drug addiction or mental illness, government support – in the form of temporary and permanent housing assistance and medical services – may be necessary. Further, Wisconsin must also provide excellent public infrastructure, such as roads, bike lanes, bus routes, and more. However, free-market reforms in the labor market and permitting can go a long way to make such infrastructure less expensive to

develop and maintain. As mentioned previously, crime in Milwaukee may also be responsible for migration out of the state. Solving this problem requires more accountable policing throughout Wisconsin. To help achieve this, one free market reform entails expanding Act 10’s limits on public sector unions to include police and firefighters. These unions were omitted in the original law for political necessity. However, Act 10 now faces a major lawsuit specifically due to its exemption of “public safety” unions (Bauer, 2023). Eliminating this exemption could simultaneously improve police accountability and prevent future threats to Act 10 in general.

Finally, as MFI Student Fellow Lindsey Schuerer discusses in her above essay, the Universities of Wisconsin system plays a major role in the economic growth and development of the state. Although the Milwaukee MSA is the greatest source of net losses in migration for the state, the Madison MSA is the greatest source of net-gains (Hoffer et al., 2022). This is undoubtedly due in part to the UW system’s flagship, UW Madison. Therefore, the state should continue to support its UW system and take measures to alleviate the budget deficits at most UW campuses through improvements in efficiency and budget expansions (Kremer, 2023).

In sum, while Wisconsin faces significant economic challenges, marked by sluggish GDP growth, an aging population, and low dynamism, the path to growth lies in free market reform. The insights from *Onward Wisconsin* highlight a critical opportunity for the state to invigorate its economy through strategic policy adjustments. By reducing barriers to economic freedom, like burdensome taxes and occupational

licensing, and fostering an environment conducive to entrepreneurship and innovation, Wisconsin can stimulate growth and attract a vibrant workforce. Furthermore, continuing to embrace market reforms in education, housing, and public services will enhance the state's attractiveness to both businesses and families. In this period of economic recovery following the COVID-19 pandemic, the policy choices Wisconsin makes will determine its trajectory for years to come.

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