The Campaign for a Sustainable Milwaukee

A grass roots organizing project for decent jobs, healthy neighborhoods and community involvement in economic decisions

Rebuilding Milwaukee From the Ground Up!

A report on our economy and a community plan for change:

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Presented October 22, 1994
Introduction

A year ago, representatives of labor, environmental, religious, and community organizations in Milwaukee met and decided to do something extraordinary — to work together to define and implement an alternative economic development plan for our community.

For years, these individuals and the groups and constituencies they represented had struggled to improve the health and economic vitality of Milwaukee. They had started new programs — many of them since recognized as national models for community economic development. They had formed coalitions around particular issues — to protect jobs from runaway employers, to get decent health care to inner-city communities, to halt the redlining of Milwaukee housing markets and business, and to build on community assets in training and business startups. They had lobbied local and state government for material assistance and political support. Some of them had even formed their own political organization, Progressive Milwaukee, to run their own candidates for local office.

But they usually worked alone, or coordinated only around narrow issues. They worked uphill against a series of forces that threatened to overwhelm their isolated efforts:

- Job flight from Milwaukee to inner-ring suburbs and, more recently, to low-wage rural regions or abroad:

- In the jobs that remained, deteriorating wages and working conditions — as more and more firms took the “low wage” path in response to competitive pressures or simple profit motives;

- Massive divestment from Milwaukee by credit institutions of all kinds — banks, insurance companies, mutual funds, and more — and a lack of credit alternatives more responsive to community needs;

- Persistent and worsening problems in the quality and responsiveness of public educational institutions — from elementary and secondary public schools to the local technical colleges and the University;

- The destruction of Milwaukee’s natural environment — air, land, water — with particular devastation in poor communities
and then collects dust. We want tangible results — actual improvements in job creation, access, wages, and working conditions, in credit access, in education, and in our environment. We know that getting results — changing the course of current economic development in our community — will require unprecedented community support, because change will be resisted by some even if it is for the greater benefit of all. And so, from the start, our Campaign has been shaped by the need to build that support as we proceed.

Our Process

This commitment starts with the plan itself. A community plan for economic reconstruction, we believe, should be authored by the community, not outside "experts." As a community, we know better than anyone else what ails us, and as much as anyone else about what can work to solve our problems. So, while we have looked for and received the benefit of all sorts of technical assistance and advice, we have formulated our recommendations ourselves.

To get to those recommendations, we first had a series of meetings to identify major problems. We then grouped these problems in four large issue areas — Jobs & Training, Credit, Transportation & Environment, and Education — and formed taskforces to come up with recommendations for action in each. The taskforces were composed of individuals with particular interest in these problem areas; often these individuals had been activists in those areas for years. While the larger (and growing) group continued to meet on a regular basis, these taskforces began meeting on their own.

In developing their recommendations, each taskforce was required to go through a 3-step process of developing:

- a common analysis of the most important problems in the area under review, the sources of those problems and most important barriers to their solution, and basic principles that should guide solutions;

- a common set of recommendations on the general sorts of new institutions and policies, consistent with that analysis and principles, necessary to address the roots of the problems;

- specific recommendations, tailored to the Milwaukee context
and now take them to the broader community for further feedback and comment.

**Thanks**

Literally hundreds of people have helped produce this report — by providing technical assistance or other sorts of support, or participating in the taskforces whose recommendations are summarized here.

Lead staffing and technical assistance on the project was provided by the Center on Wisconsin Strategy (COWS), University of Wisconsin-Madison. Thanks to Joel Rogers, COWS director, and to Bill Dempsey, Kelley Dawson, Andy Friedman, Stuart Eimer, AJ Julius, Suzanne Wall, and Sue Erickson. Additional help came from MAUD, the Milwaukee Associates in Urban Development, the MAUD Resource Center and the Center for Economic Development at the University of Wisconsin-Milwaukee. Throughout, the leadership and support of Progressive Milwaukee was vital to moving the process forward; special thanks to Tammy Johnson, Progressive Milwaukee staff.

Outside Wisconsin, friends from the Midwest Consortium for Economic Development Alternatives — in particular Bob Ginsburg, Dan Luria and Dan Swinney — helped with comments, as did Sanford Lewis from the Good Neighbor Project and Tom Schlesinger from the Southern Finance Project.

We thank the Joyce Foundation for financial assistance.

Most of all, however, we thank the taskforce participants. In particular ...

... *from the Jobs & Training Taskforce:* Julie Kerksick (New Hope Project) and Phil Neuenfeldt (Wisconsin AFL-CIO), co-chairs; Wilberto Alvaro (Social Development Commission), Betty Boyd (Harrambee Ombudsman Project), Maria Boyer-Jensen (UE), Ed Bruno (UE), Felmers Chaney (NAACP), Rep. Spencer Coggins (Wisconsin State Assembly), Bruce Colburn (Milwaukee County Labor Council), John Ebbott and Deedee Peterson (Legal Action), Donna Ferency and Jeff McAlister (Work for Wisconsin), Ald. Fred Gordon (Milwaukee Common Council), Roger Hinkle (HIRE [Help in Refinding Employment]*)
Tiffany Weir (Sherman Park Community Assn);

... from the Education Taskforce: Barbara Miner (Rethinking Schools) and Rita Tenorio (La Escuela Fratney); Mickey Beil (Milwaukee Public Schools), Autumn Blakeley, Sam Carmen (Milwaukee Teachers Education Association), Paulette Copeland (MPS), Bob Crawford, Lionel Crenshaw (MPS Lancaster), Margaret Freshwaters (MPS teacher retiree), Charlie Dee (Milwaukee Area Technical College), Marty Gensemer (Grand Avenue Middle School), Barry Gilbert (Milwaukee Teachers Education Association), Chuck Gobel (ASC), Donelle Johnson (Elm Street School), Tammy Johnson (Progressive Milwaukee), Chris Lesniewski (MPS Lancaster), Bobbi Lipeles (Progressive Milwaukee), Andrea Loss (Custer High School), Larry Miller (Custer High School), Robert Miranda (UWM Student Association), Clarence Nichols (MPS), Pat O’Maher (MTEA), Dennis Oulahan (EESCC), Bob Peterson (La Escuela Fratney), Mary Ward (21st Street School).

Without the hard work of all these good people we would not be where we are now — with the outlines of a community plan for rebuilding Milwaukee from the bottom up.
Jobs & Training

- the persistence of racial discrimination
- public subsidies for suburban/rural "sprawl" encouraging employers to take the low-wage route in industrial restriction.

Metropolitan Deindustrialization

Milwaukee once had hundreds of thousands of good-paying manufacturing jobs. Many of these employers gradually left the central city for lower wage regions of the state, the country, and the rest of the world.

Nationwide, the overall number of manufacturing jobs has actually not dropped that much. As of 1990, manufacturing employment was only 6 percent below its 1980 level, and just under 10 percent below its 1978 peak (20.3 million). But Milwaukee and other industrial cities have been devastated by manufacturing job loss. From 1978-88, just sixteen cities (Chicago, Gary/ Hammond, Detroit, Flint, Newark, Buffalo, New York, Cleveland, Toledo, Youngstown/Warren, Allentown/Bethlehem, Philadelphia, Pittsburgh, Providence/Warwick, Houston, and Milwaukee) lost 1.3 million manufacturing jobs, or 70 percent of the 1.9 million lost nationwide.

The job loss was not just urban, but union. From 1980-1990, the number of unionized manufacturing jobs fell by close to 40 percent, while the already larger number of non-union jobs actually grew by close to 10 percent. Overall, this meant that the unionized share of manufacturing dropped by a third, from 33 to 22 percent.

Metropolitan Deindustrialization (in millions)

<table>
<thead>
<tr>
<th></th>
<th>1978</th>
<th>1988</th>
<th>Change</th>
<th>% Change</th>
<th>%Total Loss</th>
</tr>
</thead>
<tbody>
<tr>
<td>16 Cities</td>
<td>4.091</td>
<td>2.766</td>
<td>-1.325</td>
<td>-32.38</td>
<td>69</td>
</tr>
<tr>
<td>Everywhere Else</td>
<td>16.228</td>
<td>15.623</td>
<td>-0.605</td>
<td>-3.75</td>
<td>31</td>
</tr>
<tr>
<td>Total</td>
<td>20.319</td>
<td>18.389</td>
<td>-1.930</td>
<td>-9.50</td>
<td>100</td>
</tr>
</tbody>
</table>
economic problems and racial inequality are even more serious than other cities in the country.

A comprehensive, three year study by UWM’s Center for Economic Development provides proof of what many African-Americans and Latinos have long known in Milwaukee. Of the tens of thousands of new jobs created in downtown Milwaukee during the last decade, African Americans hold fewer than 8 percent of all the jobs. African Americans and Latinos combined hold a minuscule 1.2 percent of managerial jobs and 2.6 percent of professional jobs in these new firms. Those people of color who do make it through the door end up in low paying jobs. Almost 95 percent of all African-Americans and Latinos earned less than $20,000 in the jobs created since 1982. In fact, white residents from the suburbs took almost 50 percent of the new jobs that resulted from downtown redevelopment and four out of five jobs that paid more than $40,000 went to suburbanites.

Federal and state policies have promoted the flight of jobs out of the central city. After World War II, federal, state and local authorities invested more in new highways and airport facilities, rather than in mass transit, intercity rail, and city roads. They extended water and sewer mains and electric transmission lines at low or no cost to rural areas. They made cheap credit available in developing areas while ignoring or even encouraging redlining against existing areas. Some example of this trend include $400 billion in outstanding loans to suburban mortgagees underwritten by the Federal Housing Administration and Veterans Administration; $260 billion for roads and highways, or about 5 times the amount spent on mass transit; an annual tax expenditure of $37 billion in home mortgage interest deductions; while only $1 billion annually was spent on subsidies for apartment construction.

It seemed that suburbs benefitted economically from the destruction of central cities. But as development moves out of the central city to first ring suburbs, it keeps moving and eventually leaves them behind. Manufacturing spreads out 30 or 50 miles further to a truly low wage area. Although city bashing remains popular in the suburbs, the dependence of suburban income on city income has actually increased in recent years. From 1979-87, for example, the share of suburban income attributable to the density and income of central cities rose from
Attaching Strings to Public Money

Several states and cities now attach strings to the subsidies they give corporations for relocating or expanding in their communities. The accountability mechanisms typically focus on commitments to keep plant doors open for the duration of a loan for instance, but increasingly they are being tied to job security initiatives, restrictions on "outsourcing" plant work to non-union workers, and so on.

An example of state legislation designed to make firms more accountable can be found in Washington state where legislators recently introduced a comprehensive "Social Compact" bill mandating that businesses receiving public assistance agree to meet binding economic, social, and environmental standards. Businesses receiving over $25,000 of state assistance would have to comply with plant closure notification and environmental laws, permit union organizing, give workers or communities the right of first refusal to acquire closing plants, pay decent wages and provide health insurance.

Source: Grassroots Policy Project, 1994

and business service firms can afford to pay good wages for quality work. They would have a large multiplier effect on additional service employment, and increase revenues from both direct taxes and employee taxes to underwrite greater public investment in the quality of life for everyone.

We need public policies to limit "low road" companies and help firms find the high road as much as possible. An alternative economic development strategy must be based on the knowledge, skills, and creativity of our diverse workforce and communities. Our policy recommendations are intended to empower community and labor organizations to actively participate in the economic decisions affecting our lives, and to obtain a fair share of the resulting gains. The guiding principle for our recommendations is that public policies should exert upward pressure on community standards for acceptable business conduct, reserve economic development resources for assisting companies in achieving those standards, and insure democratic accountability in the use of those public resources. In general terms, Milwaukee needs to use government and
One Piece of an Early Warning System for Greater Milwaukee

Early warning means keeping an eye on the high road, too. With funding from, among others, the Private Industry Council of Milwaukee County, the Wisconsin Regional Training Partnership (WRTP) is developing an early detection system to help stimulate the adoption of high performance forms of work organization. The WRTP's outreach coordinator will, in communication with union staff and officials, managers of local firms, and other sources, use a needs assessment process to identify organizations adopting high performance work practices. Then, making use of the WRTP's Resource Center, the outreach coordinator will be able to direct these firms toward technical resources which can help support the transition to high performance. At the same time, by identifying the training needs of these organizations, the early warning system will be used to guide the development of employment-linked training programs for disadvantaged and dislocated workers.

lacking expertise and information to adopt new technologies and processes, employee buyouts for a local owner who is unable to find a buyer for a viable business.

When lay-offs are unavoidable, Early Warning can at least improve dislocated worker assistance. Prior to lay-offs, workers should receive counseling assistance on their financial plans, ready access to social support services, and assessment and access to retraining. The pioneering efforts of the HIRE (Help In Refinding Employment) Milwaukee Center have shown the importance of early and comprehensive assistance. The replacement wage rates of workers moving through HIRE (the ratio of wages at their new job to the ones they lost) are almost twice the national average.

Industry Training Partnership

A high wage regional economy will generally require a more highly skilled workforce. Many companies are doing well in the Milwaukee area by responding quickly to market volatility, developing new products, investing in new technology, and adopting "high performance" workplace practices. In that kind of work environment, workers enjoy less supervision, more decision-making authority, and greater opportunities for education and training than in the past. We will have to do a much better job of training both the incumbent
His chances for success are very good - and the fact that he trains and employs community residents for good paying jobs is another benefit to our community.

The pioneering efforts of Esperanza Unida show that it is possible to provide training to large numbers of people who have been written off by traditional public institutions in auto-repair and auto-salvage, welding and metal fabrication, housing rehabilitation, and day care. Non-profit community organizations can establish "training businesses" to provide needed services in the community, help entrepreneurs learn business development skills, and provide quality training to working people — all at the same time.

We should develop a technical assistance program to help Milwaukee area companies adopt new technologies and processes, starting with manufacturing. These "industrial extension" programs help bring "state of the art" marketing, product development, technology choice, quality control, and other essential techniques to smaller firms without sufficient expertise and information. As one of the country's primary manufacturing regions, the Milwaukee area is a prime site for locating a major manufacturing extension program with federal and state support.

Milwaukee is in a good position to develop a new model for how manufacturing extension programs should operate in the United States. Some programs around the country provide benefits to companies in a totally arbitrary manner without any regard to the commitments they are willing to make in return for public resources. Yet it makes no sense to provide assistance to low wage suppliers that simply "create" jobs by taking them away from high wage companies. As a result, the program should be reserved for companies that are committed to worker participation and other important community standards, such as living wages, fair employment, workplace safety, and environmental sustainability. A partnership approach would combine collective bargaining, supplier certification, and public resources for the benefit of all.
Clawbacks and Job Creation Guarantees

One of the most powerful ways to prevent firms from abusing public subsidies is through clawback provisions. These provisions consist of legally-enforceable regulations and contract language that require public monies to be refunded, preferably with an interest penalty, if the recipient company fails to deliver on job promises. Although quite common in Europe, clawback provisions have only recently begun to take root in the United States. Some state and city examples include:

Ohio: In an effort to combat job raids by other states Ohio has instituted one of the strongest tax credit rules in the nation. The tax credit law for job creation stipulates that the tax credit agreement must include "a requirement that the taxpayer shall maintain operations at the project location fo at least twice the number of years as the term of the tax credit." If the company is found to have violated this law, the tax commissioner may clawback as much as the full value of the credit.

Illinois: Broad clawback laws cover any assistance provided by any state agency or unit of local government to build, improve or modify real property projects that attract or retain jobs. The law requires that any company terminating operations at the site within 24 months of starting (or 24 months after receiving the subsidy at an ongoing site) must pay back the State the full value of the assistance.

Connecticut: A 1993 law states that any company receiving financial aid from the state's department of economic development, development authority, or Connecticut Innovations, Inc. may not relocate outside the state for ten years after receiving the aid or during the term of the aid, whichever is longer. Companies that break the rule must pay back the full value of the assistance plus a 5% penalty. Recipient companies that relocate within the state must offer the new jobs first to those dislocated at the subsidized site. The law also requires that the development agencies report back to the legislature every year on enforcement of the rules.

Vermont: State law applies to companies that receive loans from the Vermont Industrial Development Authority (VIDA). It covers both companies that leave the state entirely, as well as any company that transfers more than 50% of its workforce to an out of state location. In those circumstances, a company may be required to immediately pay back in full the loan it has received from VIDA, at the discretion of the Authority. All VIDA loan contracts include language that spells out the payback requirement.

New Haven, CT: City ordinance requires the cancellation of any subsidy if a company moves all or part of a subsidized operation from the city, and a clawback of the subsidies already granted the company, with an interest penalty from the date the subsidy began, payable in 30 days.

Austin, TX: Powerful clawback rules for companies receiving tax abatements permit the city to recapture all or part of the value of the abatement in any instance where the recipient company leaves Austin within a period twice the length of the abatement period.
consortia, area employers should specify the general skills levels required of jobs in terms that applicants can easily gauge. In addition, for those unemployed or underemployed, including retired Milwaukeeans, we should organize a "service credit" bank providing tradeable credits for doing the work that needs to be done - shopping for groceries, caring for seniors or people with developmental disabilities, watching kids after school, improving neighborhood safety, providing technical assistance to small companies.

**ESOPs and Responsible Financial Institutions**

The best way to direct business decisions, of course, is to own the company. We should develop a system to publicize and support development of opportunities for Employee Stock Ownership Plan (ESOP) buyouts of local firms, and should create alternative financial institutions for the capitalization of industrial retention, renewal, or expansion in Milwaukee. Pooled union pension funds are one obvious source of capital. Area churches and synagogues also retain substantial capital that can be pledged as collateral for community development.

There are in fact many opportunities for investment in Milwaukee that are routinely passed up by today's capital markets, not because there is no money to be made in them, but because there may be more money to be made more easily somewhere else. But a "social investor" with sufficient clout could do much to change the terms of economic development in Milwaukee. Instead of arguing about stadiums with retractable roofs, which will only provide short term employment for a few thousand people at best, we could be seeding, or taking partial ownership in, dozens of small firms with a much greater employment effect over the long term.

**Target Sectors**

Sectoral targeting is a way to maximize the job creation impact of economic development resources. Briefly put, sectoral targeting involves a detailed analysis and understanding of the local economy. The goal is to identify industries offering the best potential for growth in family supporting jobs and to structure public policies around these identified market trends.
Raising and indexing the minimum wage: The minimum wage should be increased and indexed to a cost of living formula, so that it does not lose actual value over time.

The fights to increase the minimum wage have been intense over the last two decades. This is because more and more workers are working at jobs that pay just above the minimum wage. As the better-paying jobs for low-skilled and entry-level workers have disappeared, the minimum wage has become more important to full-time workers who are also heads of household. It is not just teenagers or retirees who are working at or near the minimum wage. Traditionally, legislators and policy analysts have argued against raising it because they say that it will not help those who are supposedly meant to be helped: the workers who are heading households and trying to support families. But since there are so many workers who are heading households and earning less than $7.00 per hour, an increase in the minimum wage would help push their wage levels up.

Establishing minimum benefit levels for all workers, including health care, family leave, and child care: Although the effort to win universal health coverage for all workers and their families is not going well at the moment, it is generally accepted that we cannot deal with the crisis of health care until we agree on a way to provide universal coverage, and to pay for it in an equitable way. Access and quality must be universal. What individuals are asked to contribute toward this cost should be based on income levels.

Whether we are talking about single-parent or two-parent households, families are under greater stress today than ever before, as they struggle to balance job and family responsibilities. There are many examples of temporary crises that can affect an individual’s ability to be an effective parent (or daughter or son with elderly parents) and a productive worker on the job. Congress passed the Family Leave Act several years ago. It provides minimum, but significant protection for workers who need time off from their jobs to take care of new babies, sick family members, or other extraordinary circumstances. While this is definitely a step forward, it is very limited in its usefulness to workers who cannot afford to take unpaid leave, or
economic opportunity is their truly defining fact, and no amount of "fixing" individual behavior will address that underlying structural problem.

No amount of welfare-bashing or welfare-recipient bashing does anything to solve the problem welfare was never intended to solve: employment at family-supporting wages.

We believe that government should rededicate itself to fostering economic security for all members of the community, including the low-wage and chronically unemployed workers now getting left behind. The policies just described above are not the only ones possible for addressing the needs of low-income workers. But they seem to us to be the minimum required to establish a social wage and benefit level that can give workers more economic security, and greater confidence in their ability to improve wages, benefits and working conditions in the private sector.
Capital and Credit

The Credit and Capital Needs Task Force recommendations are based on a common analysis of the credit problems facing our communities. We believe that as a community we can better respond to redlining and disinvestment, but only if we address the fundamental problems together. Our proposals offer strategies for community based organizations, local government and financial institutions to engage in productive, creative partnerships for change. Throughout these recommendations, we cite residential loan origination by banks and thrifts to describe performance. That is because it is the only publicly available, independently audited data that is available.

Analysis

In Milwaukee, access to credit, especially for minorities, is severely restricted. This credit shortage is well documented in the market for home mortgage loans, where African Americans, Latinos, Native Americans, and Asian Americans are rejected at much higher rates than whites. In 1992, lenders made 54,292 residential loans in Milwaukee’s four county metropolitan area. Latinos, who make up 3.6% of the area’s population, received only 729 (1.34%) of these loans. African Americans, who make up 13.8% of the area’s population, received only 1,720 (3.17%) of these loans. Native Americans, who make up 1% of the area’s population, received .34% of these loans. Asian Americans, who make up 1.28% of the area’s population, received .83% of these loans.

Only 1,302 of these 54,292 loans were made in an 81 census tract area defined by the City Comptroller as having a credit shortage. This area has 13% of the four county area’s population, but it received only 2.40% of the loans. While lenders point fingers at weak credit histories, low incomes, and debt burdens, the data shows that these facts do not explain the disparity in rates of denial. The following table shows Milwaukee’s home mortgage loan approval rates for African Americans, Latinos, and Whites in the same income categories (approval rates for Native Americans and Asian Americans were not available from this source):
It is almost impossible to prove that banks are unwilling to make loans to women-owned, minority-owned, and central city businesses because no one tracks loans to businesses in Milwaukee. Banks are not required to make public information about the business loans they approve or reject. Other communities (Chicago, for example) have passed legislation which requires banks to disclose information about their commercial loans. This legislation makes it easier for community groups to find out how many loans banks make in each census tract, as well as the total dollar amount of loans that banks make in each census tract. Because such laws do not exist in Milwaukee, anecdotal evidence about the experiences of discriminated-against central city loan applicants is the only proof we have that a credit shortage exists.

What's behind the credit shortage that Milwaukee's residents and businesses face? We suggest that there are four different elements that contribute to Milwaukee's lack of credit: recent changes in the banking industry; a lack of cultural diversity in banks' governing bodies; inadequate laws about how banks must serve communities; and the absence of "alternative" capital sources.

The banking industry changed rapidly and dramatically in the 1980s as financial institutions demanded more flexibility and fewer restrictions from the federal government. One clear result of deregulation was a merger/takeover bonanza in which communities watched their small, local banks get eaten by giant institutions based in other communities or states. As banks became less local and more multi-state or national, many people felt that they were also becoming less accountable to communities.

The deregulation of banking has been accompanied by a restructuring of the financial sector. Banking institutions used to be the main source of capital for investment -- 20 years ago they held nearly 40% of U.S. assets. Now commercial banks like M&I, Bank One, and Firstar hold only 24.5% of U.S. assets. The new leading holder of financial assets in this country is pension funds, which now control about 31% of our economy's wealth.

Pension funds often reflect the lending practices of traditional, commercial banks neglecting local and regional credit needs,
## TOP 10 MILWAUKEE BANKS: LOANS MADE WITHIN TARGET AREA

<table>
<thead>
<tr>
<th>Institution</th>
<th># of Loans Metro Area</th>
<th># of Loans Target Area</th>
<th>% Loans Target Area</th>
</tr>
</thead>
<tbody>
<tr>
<td>Bank One Milwaukee</td>
<td>3907</td>
<td>253</td>
<td>6.48</td>
</tr>
<tr>
<td>First Bank Milwaukee</td>
<td>919</td>
<td>10</td>
<td>1.09</td>
</tr>
<tr>
<td>Firstar Bank</td>
<td>2939</td>
<td>128</td>
<td>4.36</td>
</tr>
<tr>
<td>M&amp;I Bank</td>
<td>3948</td>
<td>139</td>
<td>3.52</td>
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<tr>
<td>Mutual Savings Bank</td>
<td>1772</td>
<td>33</td>
<td>1.86</td>
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<tr>
<td>North Shore Bank</td>
<td>1071</td>
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<td>.56</td>
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<tr>
<td>Norwest Bank Wisconsin</td>
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<td>St. Francis Bank</td>
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<td>Security Bank</td>
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<tr>
<td>TCF Bank</td>
<td>1427</td>
<td>33</td>
<td>2.31</td>
</tr>
</tbody>
</table>

(Source: Fair Lending Coalition)

These banks have achieved satisfactory and even outstanding ratings, but it is clear that they have not met the credit needs of our communities.

Some states and cities, dissatisfied with the ability of the CRA to enforce fair lending, have passed their own local laws. Milwaukee has had a Socially Responsible Investment Program since 1991 which seeks to encourage banks to meet the community’s credit needs, especially in the designated target area. Each year, the city accepts applications from area banks that want to be considered depositories for City of Milwaukee
needs of all communities. Sometimes the problem is that the law itself is not strong enough: in this case, we favor rewriting and strengthening the laws. Sometimes the laws are there but are not really put into use: we need to put some effort into demanding fair and strict enforcement. In other cases, there is no law to address our situation, and we must work to create new reform proposals.

We Recommend

Our recommendations follow from this analysis.

Legislative Reform

The main problem with the CRA is one of enforcement (see Improving Enforcement, below). However, there are some changes that could make the law stronger. For instance, a new set of regulations have been proposed to the CRA, one of which would require banks to report certain information about the small business loans they make. We should actively support this and other attempts to reform and strengthen the CRA.

The criteria which banks must meet in order to be considered a depository of City funds, under Milwaukee's Socially Responsible Investment program, are extremely weak. If the city of Milwaukee is serious about pushing banks to improve their community lending practices, it must give banks some goals to work towards. A powerful Socially Responsible Investment Program might have the following criteria:

INSTEAD OF:

1. Institution's defined service area must include at least 10% of census tracts which comprise the City's designated target area.

2. At least 1% of the institution's total lending activity (by money volume) must be within target area.

CHANGE TO:

1. Service area must include 25% of census tracts in the designated area.

2. At least 3% of total lending must be within target area.

3. At least 25% of the board of directors shall reside in the City of Milwaukee.
Finally, we favor the passage of a state CRA which would apply
to many different kinds of financial institutions and which would
be much stronger than the current national CRA. The CRA that
we envision for Wisconsin would require financial institutions to
make public information about their records of lending to both
homeowners and businesses.

**Alternative Capital**

Even as we work to reform the banking system so that all
people have access to credit, it is important that we also create
additional programs and/or institutions that can meet
Milwaukee's credit needs. Along these lines, we have three
proposals: using state funds to encourage banks to make
economically targeted investments; developing pension funds
participation in economically targeted investments; and creating
"public purpose banks."

*Using state funds to encourage economically targeted
investments:* In Illinois, the State Treasurer has developed a
unique program whereby state funds are deposited in financial
institutions to make capital available for community development
loans. The Treasurer's linked deposit program has helped
leverage 136 community development loans (for a total of $96
million) over the past two years, and has also helped create or
retain 3,800 jobs. Banks have taken deposits from the Illinois
Treasurer and have used the money to finance projects as varied
as an employee buyout, a day care service, the construction and
renovation of affordable homes, and a program to make more
home mortgage loans available to low and moderate income
people.

There is a linked deposit program in Wisconsin called WHEDA;
however, this program is not operated by the state and is not
accountable to the public. The creation of a state-sponsored
linked deposit program in Wisconsin could assure public
accountability and could achieve some very positive results. We
recommend that Wisconsin start a linked deposit program based
on the successful models developed in Illinois and other
communities.

*Developing pension fund participation in economically targeted
investments:* Pension funds now control nearly 31% of financial
assets in the US. Public and union pension funds in the state of
Wisconsin alone control about $40 billion. Not enough of these
assets have been invested in community development projects.
residents and businesses is the creation of "public purpose" banks.

Public purpose banks are exactly what they sound like: banks that operate for the purpose of serving the public. A public purpose bank in Milwaukee would be a place where Milwaukeeans could deposit their money and know that it would be invested in ways that directly benefit the community. Milwaukee's residents, together, deposit millions of dollars into our current banks. As we all know, these banks do not consider community investment a priority. Public purpose banks would. Public purpose banks would have strict guidelines concerning investment: they would be required to make a majority of their investments in housing, community and industrial development, and other related areas. And they would be required to make most of their loans within a specific, limited geographic area.

Currently existing institutions could qualify as public purpose banks if they modified some of their operations. For example, community development credit unions, certain revolving loan funds, and other current sources of capital are models for the sort of banks we envision creating.
Stricter standards can encourage pollution prevention, resulting in decreased use of scarce resources and toxic chemicals and greater efficiency in production processes. The 3M Company, for example, estimated that its "Pollution Prevention Pays" program saved $482 million from 1975 to 1991, while eliminating more than 500,000 tons of waste and pollutants, and saved another $650 million by conserving energy. Allen-Bradley, OMC-Milwaukee, and Spic-n-Span are just three of the many Milwaukee firms which have reaped financial benefits from implementing efficient pollution prevention processes.

There are a number of local initiatives already underway that demonstrate the ability to link environmental concerns with job development. The Northeast Reindustrialization Project, a public-private-community partnership, has worked to cleanup and reuse the former American Motors site at Capitol and Richards. Combining resources of ESHAC, the UWM Center for Economic Development, the City of Milwaukee, and the State of Wisconsin along with private sector investment from WEPCO and Chrysler, a plan was developed to attract new job development. To date, the site has attracted commercial development (Builders' Square) and a teaching factory for on-the-job, high-tech factory skills development.

Some existing legislation lays the groundwork to accelerate clean development in our community. State legislation provides incentives for recycling land. The City has passed a moratorium on downtown parking lots (although new construction in the Third Ward raises questions of its effectiveness). While our community has begun to articulate the advantages that these projects bring to the urban environment, we have just scratched the surface.
character of the region; revitalization of residential neighborhoods by blending infill with preservation; commercial/industrial redevelopment that looks at opportunities for mixing commercial, retail, office and higher density residential uses; and maintaining open space and protecting agricultural and environmental resources.

Environmental Justice

No discussion of environmental concerns is complete without forcefully acknowledging that low income people and people of color bear a disproportionate burden of Milwaukee’s environmental crisis. Our African-American, Latino, Asian, Native American, and low income populations live with higher levels of exposure to environmental contamination and potentially hazardous sites at work and home.

Remedies to increase environmental quality in the past two decades have not benefitted all communities equally. What some people see as "urban redevelopment," others experience as, gentrification displacing low income people. We must identify ways to redevelop our city as led and defined by the people most affected. To achieve environmental justice, it is critical that we build a new understanding of our environmental problems and shift the direction of environmental policies and programs.

The fact is, environmental dangers are not distributed equally. They fall especially on the poor and people of color. In Milwaukee, more than 450 houses a year are boarded up, mostly in the heart of Milwaukee’s African-American neighborhoods. These same neighborhoods have the most suspected hazardous sites in Milwaukee. The City has not foreclosed on 425 tax delinquent properties due to suspected environmental contamination on the sites. While every aldermanic district has at least one site, 232 are in the Near North side. Another 51 sites are in the near South Side, while the far southside and the far northside each contain only one site.

The same central city neighborhoods face the greatest risk from the environmental hazard of lead paint poisoning. A significantly higher percentage of children of color compared to white children have unacceptably high blood lead levels. While research is incomplete, the numbers show increased asthma, cancer and other health problems in Milwaukee’s central city —
In addition to the smog problem, there are tremendous emissions of toxins into our air. Of a statewide total of 41.1 million pounds of toxins released by manufacturers into Wisconsin’s air in 1990, Milwaukee County reported the largest releases, with Briggs & Stratton alone releasing 1.1 million pounds.

And while we are lucky to live next to one of the world’s largest sources of fresh water, we are currently not able to fully enjoy the benefits of this placement. Over the last year, the largest waterborne disease outbreak in modern US history sickened more than 400,000 people in Milwaukee and killed more than 100. Milwaukee has since had another water boil advisory for people with weakened immune systems, and another 42 people are still battling cryptosporidiosis.

Among the pollutants running into our waters are pesticides, road salt, heavy metals and bacteria from polluted runoff, raw sewage and industrial wastes. In addition, manufacturers reported releasing 460,928 pounds of toxics into Wisconsin’s water with Milwaukee county among the worst counties in the state. Besides threats to drinking water, the water quality problems reduce recreational opportunities. We still have numerous beach closings each summer after rainfalls, restricting all sorts of recreational activities. Fish consumption advisories are now in effect for the rivers, harbor and lakeshore areas. These not only diminish recreation but threaten the health of those who must rely on locally caught fish for a significant portion of their diet. Finally, even for people without respiratory sensitivities, our smog problem reduces everyone’s enjoyment of our short summer season, as all are advised against activities during our smog days.

Our recommendations follow.

We Recommend

We should develop and pursue an overall environmental business strategy for Milwaukee. This would seek to create new, family supporting jobs by several means: by identifying new job opportunities that improve the environment and targeting cutting edge sectors of the environmental industry and/or identifying unmet environmental needs, (such as Esperanza Unida’s asbestos removal business development); by matching environmental business development ideas with venture capital and/or
and renovations.

Greening Jobs

In addition to seeking out new jobs, we should strive to improve the environmental quality of those we have as part of more general efforts at job retention and renewal. We support:

An environmental early warning network: Too often workers and communities have been the victims of "job extortion," when people feel that raising environmental concerns could result in the loss of jobs. We support the efforts of the Milwaukee County Labor Council, AFL-CIO, to create an Environmental Early Warning Network. The Network would train workers, who are most directly affected by hazardous practices, to identify environmental problems early enough to find a solution before a crisis and job loss occurs. This would minimize worker and community health problems and limit corporations' liabilities.

Strengthening workers' abilities to speak out: We need to encourage education and outreach to workers, especially in low wage industries. These workers face exposures that endanger their health and their families, while threatening the surrounding communities. We support efforts, such as those developed by WISCOSH, to reach low wage workers and non-English speaking workers to inform and educate them of hazards. We encourage new state legislation on occupational health reporting to protect whistle blowers and expand occupational health disease reporting.

Community access to environmental information: Promote the use of "Good Neighbor" agreements in which workers and community residents have access to complete information about local business practices. Workers and the community already have access to toxiics Right to Know. In addition, we need access to all environmental and safety audits; toxics use reduction plans; workplace safety manuals; chemical accident contingency plans; documentation on public subsidies; and access to those in charge of the facility. We must monitor efforts by industry to pass legislation which limits access to audits and other relevant information. We must pressure the LEPC in writing to release the names of companies not complying with Community Right To Know -- public knowledge can help them to enforce the law and will help companies understand the need to comply.
increase transit options.

The bus system must be accessible for everyone, especially the disabled community, low income residents, students and working people. We support expanding the number of bus lines, extending bus hours, creating innovative ways to publicize bus schedules and improving bus shelters.

*Encouragement of transit alternatives:* We encourage the development of a county bicycle plan and the full implementation of the city bicycle plan. Based on the Menomonee Valley Greenway Feasibility Study, we support seeking State funding on parity with funding for other bike paths across the state. We support the addition of bike racks at mass transit stops, and easing the way for pedestrians and bicyclists by controlling traffic speeds through the use of "traffic calming" measures (such as raised crosswalks). Bicycle and pedestrian coordinators should be hired to assist local governments in planning and implementing bicycle and pedestrian facility improvements and traffic calming programs.

*State and regional transportation plans:* A coalition of organizations and individuals has worked for the last two years to impact the transportation plans being developed by the Southeast Wisconsin Regional Planning Commission (SEWRPC) and the WI Department of Transportation which will determine which transportation improvements will be build, operated and maintained. We support the efforts of the New Transportation Alliance, Citizens for a Better Environment, the Amalgamated Transit Union and others to shift the expenditure of local, state and federal dollars towards more bicycle, pedestrian, rail and bus services and to improve land use decision making in the region.

**Land Use**

Our transportation goals should be reflected in land use. We support linking the amount of state transportation funding to local governments to compliance with the regional land use plan and policies to reduce auto dependency. The State Department of Transportation should adopt a policy requiring local land use controls to be in place prior to construction of projects with transportation effects.

Additional supportive policies should include: education and
**Build community capacity:** Too often community residents are passive subjects to declining property values and deteriorating living conditions. We must create new mechanisms to ensure that residents are defining how we redevelop our city. We can enhance the ability of community based organizations to participate in and contribute to solving environmental and health problems by supporting neighborhood based initiatives.

One new, promising program is the 16th Street Community Health Center’s project focused on the children of Latino and Hmong families. The project aims to determine the extent of exposure to environmental hazards; develop a resident based advisory committee to identify culturally appropriate and accessible programs and materials; conduct neighborhood health surveys; distribute information packets on how to reduce exposure to contaminants; and develop a model for community based organizations to play a role in countering environmental hazards.

**Target cleanup efforts:** We must speed up the restoration of sites in areas disproportionately affected by contamination. Neighborhood groups and local government must identify and prioritize opportunities to reduce high concentrations of risk to specific population groups. For example, we must create a comprehensive plan to act upon the hundreds of tax delinquent central city properties that are likely hazardous sites. We must build off the successful example of Metcalf Park to leverage coordinated support for community development. We encourage requirements that racial and economic equity be factored into the state and federal risk assessments of potentially hazardous sites.

**Strengthen government-community relations:** We must ensure that the agencies that are there to serve are accountable to the people most in need. Specifically, we call for a summit meeting between the Environmental Protection Agency, the Department of Natural Resources, and Milwaukee community residents to create real involvement in the EPA’s Environmental Justice Program, including how and when to access the Environmental Justice Hotline (1-800-962-6215).

**Support central city housing:** Milwaukee’s Central City includes some excellent housing stock which is a tremendous community resource. We advocate a grass roots effort to provide resources and training to landlords, lending institutions, and residents in
governments within the watershed; enforcing and extending existing municipal pesticide regulation; promoting sustainable agriculture programs; supporting natural landscaping ordinances; opposing expansion of toxic sludge facility on Jones Island.
attainment increased, public schools have come under attack. Playing on racial and other community tensions, those interested in ripping out even this vestige of equality of opportunity have begun to blame the schools for wage failures and declining living standards. There is almost no evidence to support this claim, but neither is there great satisfaction with the job that our public schools are doing. The situation is thus ripe for mischief: playing to popular fears public education is attacked as the source of our problems, rather than improved.

We believe that good schooling should be a right of each child, that public schooling is the best way to guarantee this right, that equality in the funding of public education is necessary for the right to mean anything. At the same time, we believe that schools must respond to new demands and pressures in the workplace, open themselves more to community activities and services, and reform as institutions to become more responsive to parental and community impatience with inept bureaucracy. Public schools should be defended, and they should serve our children.

Thus, we must both defend and reform public education, make the reform of public education part of a broader effort to revitalize our urban areas, extend equity concerns throughout the administration of schools as well as their base funding, and throughout, make schools both publicly accountable and socially responsible.

Defending Public Education: Why defend public education? Throughout this country, there are strong forces that advocate turning over our public education system to the private market. Yet, a privatized education system would in the long run exacerbate the inequalities that already permeate education, decrease public accountability, and limit access to quality education for those who most need expanded opportunities.

It is important to understand that the conservative attack on public schools, while often masked with populist rhetoric and responding to legitimate concerns, is part of a larger conservative agenda. That agenda seeks to privatize, dismantle and de-fund public services - whether it be public transportation, parks and recreation programs, or health services - and to undercut the power of unions and working people. The thread
The Lighted Schoolhouse

In 1989 the Houston school district opened two "lighthouse" programs, one for high-school students and the other for children in grades K-8. The program comprises a sophisticated latchkey program with counseling built in and the ability to refer children to appropriate city agencies. Initially it provided shelter for homeless schoolchildren, after-school enrichment for regular day students in the community, and a center for family and community involvement. Although about twenty children took advantage of the shelter program, legal problems forced the school district to suspend it. Nevertheless, activities continue at the "lighted schoolhouse" for approximately 100 children. The "lighthouse" continues to house the district's homework hotline and provide security for the district's children with two shifts: a 3 to 6 p.m. program for younger children, and a 7 to 9 p.m. program for older children.

Source: The School Administrator, 1989

Residents, but could provide a focal point for neighborhood revitalization. City, county, state and MPS officials should view the Lighted Schoolhouse as a key reform and potential model of intergovernmental cooperation.

Under the Lighted Schoolhouse model, schools would be open from early in the morning until late in the evening, providing both jobs and services for neighborhood residents. The schools would become neighborhood centers of public services such as recreation programs, adult literacy programs, day care or other social services provided by non-profit agencies or governmental agencies. Further, priority for receiving jobs would be given to neighborhood residents and parents of children in the neighborhood. Few people would disagree with the need to both revitalize our urban neighborhoods and to adopt the concept of the Lighted Schoolhouse. While it will be possible through intergovernmental cooperation and reallocation of existing monies to further these goals, we must also understand that increased federal dollars are essential. Both local and state budgets are being squeezed by the pincers of increased social needs and decreased support for tax increases. In the long run,
While the state legislature has taken drastic measures to remove public schools from the property tax, the current system of school funding results in wide disparities in the burden on property owners for financing schools. The state should assure an equitable tax effort for property taxpayers. Districts with the same per pupil costs should make the same tax effort. School funding relies too heavily on the local property tax, and a larger share of school costs should be funded by the state.

We must argue for a new statewide taxing system which relies on progressive changes in the current tax structures, such as a more progressive personal income tax or the elimination of the exemption for manufacturing machinery and equipment, rather than regressive changes such as an increased sales tax.

- **Equity in curriculum** ... Milwaukee has instituted a national model of curriculum reform, known as the K-12 Curriculum reform. With its emphasis on equity and multicultural education, this curriculum reform should be supported and defended. Milwaukee has also taken steps to reduce tracking, such as its nationally noted Algebra reform which stipulates that all ninth graders take algebra. Because tracking has historically limited educational opportunities for low-income students and students of color, we must support such anti-tracking measures and oppose attempts to track students, whether on a school-wide or system-wide basis.

Computer literacy is an essential component of educating our children for life in the 21st Century. As computers become an increasing fact of life in our nation's schools, we must ensure that all students receive equitable opportunities to become technologically literate.

**Fairness in "School-to-Work" Programs:** Milwaukee has launched a major school-to-work initiative. As part of this initiative, we should ensure that students are taught not only the skills they may need for family-supporting jobs, but taught about issues such as the workers' right to organize, legislation defending workers against racial and sexual harassment, workers' compensation laws, occupational safety and health, family leave laws, and so forth. Further, school-to-work must go beyond its apparent emphasis on jobs in the private sector and must increase its emphasis on community service. It must
question may be primarily one of getting time off from work or having a supportive atmosphere at the workplace that encourages involvement in the education of their children. For some, it is a question of understanding and support from the school; in such cases, schools must make clear that parents are welcome at the school and are an important component of decision-making at the school. The community, likewise, has an inherent stake in the education of our children, and mechanisms must be established to strengthen the bonds not only between schools and families, but schools and the communities they serve.

Public Accountability and Social Accountability: In the guise of innovation, various reforms are being proposed that would privatize our public education system and make such schools accountable to the marketplace, not to the public. We must ensure that our public schools remain fully accountable to the entire community. In this regard, we oppose efforts to turn any of our schools over to for-profit firms guided by the bottom line of money, not the best interests of children. While cloaked in the rhetoric of reform, such for-profit endeavors are part of a broader corporate trend to maximize profits through deregulation, privatization of public services, and contracting out. Because such for-profit schools are ultimately beholden to the dictates of owners and stockholders in other cities, states, and countries, they also weaken much-needed ties between the schools and the community. If for-profit schools are such a worthwhile innovation, why is it that affluent school districts have been the least likely to embrace this reform?

In analyzing for-profit schools, one must also look at the hidden social costs of such endeavors, such as the impact of hiring non-union workers who do not receive health insurance or the refusal of for-profit schools to assume capital costs such as building new schools. In these cases, public money is used to subsidize for-profit schools operations, but is not counted as part of the expenditures on education. The only for-profit education company that has experience running public schools, Education Alternatives Inc., has based its strategy in part by replacing unionized teacher aides with non-union interns at lower wages, while drastically reducing art, music, physical education and special education teachers in its schools. Furthermore, promises of improved academic achievement at for-profit schools have not materialized.
The Wisconsin legislature will be making key decisions next spring on the funding of our public schools. We must ensure that trying to reduce schools' support on local property taxes is not used as an excuse to squeeze school budgets. We also advocate increased taxes that focus on those most able to provide further support, such as corporations and affluent individuals, as opposed to regressive taxes such as a sales tax. (While overall taxes on middle-income people increased in the 1980s, for example, the wealthiest families in the state received a 14% tax cut. Further, while businesses provided at least 33% of state revenues in 1960 through corporate income and property taxes. By 1990, the businesses share had dropped to 19%.) Specifically, we support the efforts of the Fairness in Funding Coalition to ensure equitable and adequate funding of schools.

We believe that Sustainable Milwaukee and the Milwaukee County Labor Council AFL-CIO should oversee an effort by area unions, teachers, businesses and community activists to become involved in school-to-work and help ensure the following:

• That school-to-work programs not become yet another way to track students along race, gender, and class lines;

• That students are taught their rights as workers, such as legislation prohibiting racial and sexual harassment, occupational safety legislation, and family leave laws, and workers' right to organize;

• That any curriculum focusing on work must also include the history of unions and working people's movements;

• That students be taught that political, social service and non-profit endeavors are a valuable component of the world of work. Students must understand that the world of work also entails social responsibilities and that everyone, individuals and businesses alike, must be concerned with the broader public good.

• That students should be made aware of the realities of the changing global economy. Much of the emphasis in school-to-
• We encourage genuine grass-roots school initiatives, such as the Hi-Mount reform or the reform efforts at South Division High School as initiated by the South Division Roundtable.

• We support initiatives to increase the number of teachers of color in MPS. Such an initiative should include cooperative efforts among the teachers’ union, the MPS administration, schools of education at Marquette University, University of Wisconsin - Milwaukee, MATC and similar institutions, and area wide churches and businesses that can encourage more people of color to enter the teaching profession. The state government, in turn, should further publicize programs that can increase the number of teachers of color - such as the program that provides African American college students in approved teacher education programs with up to $5,000 a year in "forgivable loans" if they teach in a state public school for five years.

• We advocate a state law, perhaps an amendment to the Family Leave Act, that allows all parents or designated family members the equivalent of two days of paid leave from work a year to take part in school-related activities - whether parent/teacher conferences, field trips, or volunteering in the classroom.

• We ask that the state earmark $50 per pupil to each school to pay for a parent-involvement project, to be determined at the school level. In those schools where parent organizers may be hired, preference should be given to neighborhood residents.

• We call for a reduction of class size, as specified in the Urban Task Force Initiative.

• We support anti-tracking measures already underway within MPS, such as the Algebra Project. We oppose attempts to set up system-wide tracking through measures such as academic entrance requirements for select high schools, and encourage efforts to detrack our schools so that all children can receive a quality education.

Providing the children of Milwaukee with a quality education requires the cooperation and support of not only those currently involved in the system, but businesses, officials, and community people throughout the city. The Milwaukee Public Schools have