

Political Stock Report

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-A collection of insider opinion-

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Rising: Walker appointees, Mandela Barnes, female Dem candidates, tax collections

Mixed: Tim Michels, the power grid

Falling: Doug La Follette, Ron Johnson, Joe Biden

Rising

Walker appointees: Elections have consequences. Except when they don't. A split state Supreme Court reinforces the power of gubernatorial appointees to continue serving in their roles until their successors are confirmed. It's also a green light for Wausau dentist Frederick Prehn to remain on the Natural Resources Board for as long as he wants — and keep control of the body in the hands of those put there by former GOP Gov. Scott Walker. The state Supreme Court last weighed in on the issue nearly 60 years ago, finding gubernatorial appointees could continue serving beyond the date their term expired. But Dem AG Josh Kaul went to court seeking an order to force Prehn off the board after he refused to step down even though his term expired in May 2021 and Gov. Tony Evers had appointed a successor. A Dane County judge rejected the suit, pointing to the Supreme Court's 1964 ruling. And Chief Justice Annette Ziegler, writing for the conservative majority, found that ruling "remains as sound today as it did when the case was first decided." Writing for the minority, Justice Rebecca Dallet wrote the majority's "absurd holding" and "misguided" reading of statutes steers government "directly into disorder and chaos." Dems howl that it's an abuse of the process for Prehn to continue serving with the GOP-controlled state Senate not even bothering to take up the nomination of Sandra Naas, a teacher and environmental consultant, to replace him. The Senate has yet to have a public hearing on the nomination and sent it to the Org Committee, which rarely meets in public and typically doesn't hold hearings on appointments. To insiders, it was a clear sign Senate Republicans have no interest

in handing control of the Natural Resources Board — now 4-3 in the favor of Walker appointees — to Evers' picks. Republicans defend the move, arguing it is a reflection of divided government. If Evers wants someone confirmed, they argue, find someone Senate Republicans find acceptable. The Venn diagram of candidates Evers wants on the board who are also acceptable to Republicans is very small — if it exists at all, critics say. Republicans are unfazed by the criticism. There's a lot riding on who controls the board, from the wolf hunt to PFAS regulations, and they see no need to give up the influence their side has over those discussions. For institutionalists, it's another example of the zero-sum game of raw political power in a highly partisan Capitol. This is not the first time the Senate has refused to confirm a gov's picks in the hopes someone new would win the office. Former Dem Senate Majority Leader Chuck Chvala, for example, didn't bother confirming appointments that GOP Govs. Tommy Thompson and Scott McCallum made to the UW Board of Regents ahead of the 2002 elections. The difference, however, is the broad use of the practice — and the likelihood that future Republican guvs probably wouldn't be affected anytime soon given the likely dominance of Republicans in the Legislature under pro-GOP maps. The Senate has declined to take up the nominations of Naas and Sharon Adams — who has taken her spot on the Natural Resources Board after her predecessor stopped aside. It also has declined to move on the successors for three Walker appointees who continue to serve on the Tech College Board even though their terms expired in May 2021. And the Senate has only confirmed two of Evers' 11 picks for the UW System Board of Regents. While those picks have been able to serve and are a majority of the board, a new GOP gov in January could wipe out all of those unconfirmed picks with the swipe of a pen. Insiders see the situation as one more blow against the Capitol functioning the way it was supposed to.

Mandela Barnes: Outspent by his top Dem rivals, the U.S. Senate hopeful is holding steady at the front of the pack. And with the window to wrest the nomination away from him starting to close, insiders wonder whether either of his top rivals are ready to throw a proverbial political punch. Primary polling is notoriously difficult but insiders believe the latest results from the Marquette University Law School Poll, which showed Barnes in the lead, is accurate. He narrowly wins the WisPolitics.com straw poll at the state Dem convo, beating out Treasurer Sarah Godlewski by two votes. Even Alex Lasry's own polling has Barnes still at the top of the heap, though within the margin of error. It all adds up to insiders wondering whether Lasry or Godlewski will take a shot at the frontrunner. To date, their ad campaigns have focused exclusively on pumping up their positives with a few shots at U.S. Sen. Ron Johnson, R-Oshkosh, along the way. Lasry fans are

confident he's on the trajectory to overtake Barnes. Others aren't so sure the positive ads are enough. Lasry, on leave from his job with the Milwaukee Bucks, has put some \$8 million into TV so far — not counting his mail program — and Godlewski is north of \$2 million. Barnes hasn't come close to that, though he's now got a super PAC doing spots for him. It's the first outside group to get involved in the Dem Senate primary on the airwaves, though critics pounce on the Courageous Leaders PAC ads. They point out Barnes put what operatives call a message box on his website in mid-June that urged someone to help tell the story of his background on TV in Green Bay, Madison and Milwaukee. Not long after, the group goes on the air in Madison and Milwaukee with a spot that talks about his middle-class upbringing. So much for being an advocate of keeping dark money out of politics, critics say. Outagamie County Exec Tom Nelson has taken the occasional swing at Barnes through the media, suggesting the frontrunner has been wishy-washy on some issues. And the lieutenant governor now signaling he's open to expanding the U.S. Supreme Court after it overturned *Roe v. Wade* isn't going to tamp down that criticism. Still, those shots have generally been through earned media. The best way to burn them in, insiders say, is through paid media. But who's going to go first? Lasry and Godlewski have the resources to do it. But they also know if they try to land the first blow, it risks driving up their negatives and helping the other stand out as an alternative to Barnes. U.S. Rep. Alexandria Ocasio-Cortez, D-N.Y., signals her support for Barnes, and other progressives have gotten on board as well. His TV buy, however, is only up in the state's two largest markets. That's a sign to insiders that his resources are somewhat limited — and that he could be hard-pressed to launch a successful counter to a sustained attack. Insiders note the potential blowback from primary voters is real. Dem operatives also fret that if no one starts to point out Barnes' baggage — the unpaid taxes, parking tickets, holding a T-shirt that reads "Abolish ICE" and the like — then he also won't be forced to sharpen his response to those attacks. Insiders note Republicans would show no hesitation in using the entire playbook on Barnes starting the day after the primary if he wins the nomination. All four of the top Dem challengers are in decent shape against Johnson in the Marquette poll. But that's without any negatives against them on the airwaves, while groups have been spending millions to soften up Johnson ahead of next year. Those numbers may look different after those attacks fly, and insiders are bracing for a general election race that turns into which candidate voters hate the least.

Female Dem candidates: Women almost pull off a clean sweep in the WisPolitics.com straw poll at the Dem state convention. Insiders debate whether

that's coincidence or if the U.S. Supreme Court's ruling overturning *Roe v. Wade* had something to do with it — and whether it's a sign of how the decision could impact the fall elections. Lt. Gov. Mandela Barnes has been the frontrunner in publicly available polling from the U.S. Senate race and wins the WisPolitics.com straw poll, though just by two votes over Treasurer Sarah Godlewski. Meanwhile, nearly 65 percent favored state Rep. Sara Rodriguez for lieutenant governor over The Hmong Institute CEO Peng Her; almost 68 percent preferred Dane County Dem Party Chair Alexia Sabor over longtime incumbent Doug La Follette for secretary of state; and Wausau Dr. Gillian Battino was favored by nearly 49 percent in a three-way race for treasurer against two male opponents. Straw polls are what they are, insiders note. It's often a measure of the sliver of the base that wanted to spend a weekend listening to politicians give speeches and talking politics with other activists. But insiders say such polls can capture passion, noting the vote comes a day after the court's *Dobbs* decision. Others downplay the results. Various factors influence the votes. Rodriguez, for example, is simply better known than Her, while La Follette hasn't exactly been a fan favorite at the convention for a while. The state treasurer's result, though, is interesting to some. There was some chafing when Battino — who had largely self-financed her campaign — dropped out of the U.S. Senate race to run for treasurer. To some, it smacked of a wealthy candidate trying to buy her way onto the November ballot. That theory says the results are an indication that some Dem base voters — particularly women — are looking for those who can speak in personal terms about the impact of the abortion ruling and issues such as gun control in light of mass school shootings. Insiders say it remains an open question whether the abortion ruling will drive turnout this fall. Dems share anecdotes of voters on the doors saying it was the final straw. But others point to polling that shows in the weeks since the draft opinion was released, the fundamentals of the race have stayed the same. Things like inflation and gas prices are the top concerns on voters' minds, and that's not changing, they argue. Others suggest that while abortion may not turn people out on its own, the ruling could have impacts in other ways. Dems say they've heard from those who will regularly turn out to vote saying they want to do more this time, whether it's helping on doors or making contributions. That could lead to a ripple effect if they can bring other like-minded voters to the doors. But it's still too early to tell, some say. In particular, insiders are watching the college-educated suburban women who were once reliable GOP voters thanks to issues such as taxes and safety, but voted for Dems in recent elections because they were turned off by Donald Trump and his antics. Republicans are confident those voters will come back to them with Trump off the ballot and prices going off the rails. Add in concerns about public safety, and

it's the recipe to bring them back into the fold, some say. Others believe the abortion issue could be one thing that prevents that from happening.

Tax collections: The state is about to get another dose of good news for its bottom line, continuing a streak of better-than-expected revenue collections. But uncertainty hovers on the horizon with inflation, rising interest rates and the possibility of a recession. The conditions prompt some to say it would be prudent to hold on to the cash. The latest report from the Department of Revenue shows general fund tax collections for the first 11 months of the fiscal year were up 5.2 percent compared to the same period a year earlier. That's well ahead of the Legislative Fiscal Bureau's projection that they would dip 3.2 percent of the full fiscal year. Once again, corporate tax collections are helping to drive state collections. LFB had projected the state would take in about \$2.4 billion in corporate taxes for 2021-22, but the DOR report shows almost that much had already been collected through the end of May. LFB Director Bob Lang notes corporations make their estimated tax payments largely in four months, including June. Those collections will assuredly push the state well beyond what it had expected to bring in. Along with corporate, the biggest general fund taxes are individual income and sales. Those also look strong, though the GOP co-chairs of the Joint Finance Committee say that's not all good news. Sales tax collections, for example, are up partly because inflation has driven prices higher, meaning the state is collecting more in sales taxes on each transaction. Meanwhile, the state's Medicaid fund continues to have a projected surplus for the end of this biennium. In the latest update to the Joint Finance Committee today, Department of Health Services Secretary Karen Timberlake writes the general purpose revenue surplus is now expected to be \$414.5 million for the full biennium, up slightly from the \$406.1 million projected in March. Considering the state budgeted more than \$6.9 billion in GPR for the program for the full biennium, that's a drop in the bucket. The federal government implemented an enhanced matching rate for Medicaid expenses due to COVID-19 and has extended that several times. The feds have said they'd give states 60 days notice before rescinding the enhanced rate. So though it's supposed to expire July 15, the state expects it to continue through at least September, another possible boost to the general fund's bottom line. It'll be later this summer before the state has a handle on just how far ahead of expectations 2021-22 may finish. LFB will issue a summary on preliminary tax collections for the full fiscal year. Then the Evers administration will provide a first look at how tax collections are going in November, including a projection for the 2023-25 biennium. The state was already looking at a \$3.8 billion surplus for the 2021-23 budget, and a good first

year of the biennium should only add to that number. The question is what Capitol policy makers will do with the huge amount of money — if it all materializes. Gov. Tony Evers had proposed a big tax rebate, but Republican legislators balked. Now the odds of a recession are rising. How deep could it go, and how long might it take to pull out of it? Meanwhile, Republicans are already eyeing tax cuts, with some seeing the boom in collections providing the cushion needed to help the state move to a flat tax — or to eliminate the income tax altogether if a Republican were to beat Evers in November. For some Republicans, the most likely path is to move to a flat tax in the first budget of a new GOP gov. There would be a political hit for overhauling the tax structure in a way that disproportionately benefits those who are better off. But the legislative maps insulate Republicans from some potential blowback, and getting it done early in the first term of a new gov would give some time for any fallout to dissipate before the GOP chief exec ran for reelection. Dems, meanwhile, would love to see that money invested in priorities such as education. But whether they have a seat at the table for that discussion will rely on whether Evers is reelected this fall.

Read the DHS [letter](#)

Mixed

Tim Michels: Insiders generally believe the wealthy construction exec has momentum on his side heading into the home stretch of the GOP gov primary. They just are watching to see if he can close the deal. And whether he can withstand the negative attacks. Insiders note primary polling is notoriously unreliable. Still, the latest Marquette University Law School Poll finds Michels and former Lt. Gov. Rebecca Kleefisch neck-and-neck for the GOP nomination. Insiders note those results are more a case of Michels picking up previously undecided voters rather than peeling off strong Kleefisch backers. Her support ticks down 6 points from the April poll — conducted before Michels got into the race — while undecideds dropped 14 points. To some, that suggests Michels' advertising blitz has paid off. Still, they also wonder if those new supporters will stick with him once the hard political shots start flying. Kleefisch and others haven't been afraid to throw zingers at Michels since he got into the race over his residency or is. Opponents have also noted his ties to the road building industry and its quest to raise the gas tax. Insiders note those hits are ramping up, and they expect them to soon be on the air. The pro-Kleefisch Freedom Wisconsin PAC tells WisPolitics.com it has reserved \$1.2 million in TV ads that will start July 6 and run through the Aug. 9 primary. Insiders say it will be no shock when it turns out the campaign is focused more on tearing down

Michels than on building up Kleefisch. It also suggests Kleefisch and her backers are seeing something in their private polling that is similar to what the Marquette Law School poll found. The race is either already close, or Michels has momentum and Kleefisch supporters are trying to halt him in his tracks, some suggest. All some GOP voters know right now is what Michels has told them in his ads, including that former President Trump has endorsed him. Insiders are watching to see what happens once those same voters start to hear more about the baggage he brings to the race. They also wonder how he'll do when he's face-to-face with his opponents. Michels skips a forum hosted by Green Bay talk show host Joe Giganti. Some can understand why. With momentum on his side, there's more to lose than to gain if he were to stumble in a debate; the last time he was in such a forum was 2004 in his failed bid to beat then-U.S. Sen. Russ Feingold. It's understandable if he's a little rusty. But it also risks alienating voters in a key market and ticking off Giganti. He doesn't have the same reach as Milwaukee talk radio, but having him harping against you won't help. It also could raise the stakes for the televised July debate the candidates have committed to. A stumble there could loom large ahead of the primary. Insiders say Michels' resources have given him momentum and he's enjoying a honeymoon period at the moment. But will that last once the real attacks start flying? They also see the race developing into a contest of Michels' money vs. Kleefisch's organization after putting in the work for years to run.

The power grid: Officials with the Midwest Independent System Operator — responsible for managing the power grid across most of the Midwest — are warning Wisconsin power companies for the first time that brownouts and blackouts are possible this summer. PSC Commissioner Ellen Nowak, though, says that's highly unlikely without a "perfect storm" of major issues with the state's power grid. Along with the MISO warning, the North American Electric Reliability Corp., the nation's electric grid watchdog, has also said parts of the upper Midwest face a high risk of energy emergencies if there's extreme heat or power generator outages. Part of the issue for Wisconsin — generator capacity is short of possible peak demand. Nowak, a GOP appointee, tells a Wisconsin Manufacturers & Commerce virtual event that brownouts would require a combination of extreme electricity demand, significant unplanned outages, catastrophic weather events and other extreme conditions at the same time. Nowak noted several gigawatts of power generation that were expected to come online this year did not. But the decision by some energy companies to delay retiring several coal-fired power plants gave Wisconsin's power grid more flexibility over the next few years to keep up with demand as the state moves toward more renewable energy production. Meanwhile, supply chain issues

have delayed some Wisconsin solar power projects by months. Alliant Energy, Xcel Energy and Madison Gas & Electric notified the PSC that these issues will impact large solar projects in Iowa, Pierce and Grant counties.

Falling

Doug La Follette: The longtime secretary of state isn't exactly going all out in his bid to beat a primary challenge and hold onto his office in what could be a GOP wave year. Then again, insiders crack, he never has. But they're also wondering if this is the year that his ability to rely on his family name to cruise to reelection finally runs out. La Follette — in Africa for a nearly month-long vacation — loses the WisPolitics.com straw poll at the state Dem Party convention in La Crosse, taking less than 33 percent of the vote against Dane County Dem Party Chair Alexia Sabor. It isn't the first time La Follette has lost a WisPolitics.com straw poll while facing a primary challenge. Dem activist Scot Ross beat him 54-37 in 2006 — only to lose the fall primary with less than 29 percent of the vote. While the Dem activist base hasn't been a fan of La Follette's for a while, he has the golden name in Wisconsin politics. And when you're talking about a low-profile race like secretary of state, that can be enough. La Follette also beat back a primary challenge in 2018, winning 65.8 percent. But liberals have a list of gripes with the 81-year-old pol, who first won the office in 1974. They don't see him effectively using a statewide office as a platform, and some think he's ineffective with the few responsibilities he has left in the office. What's more, there are those who sense he's feeling entitled, pointing to his complaints the party wasn't out collecting signatures for him to ensure he would make the ballot. The flip side is insiders aren't sure Sabor will be able to effectively communicate a message to enough primary voters to make a difference. And why would an organization come in to help her knock off the longtime incumbent when those resources could go to defending Dem Gov. Tony Evers or AG Josh Kaul, not to mention playing in the U.S. Senate primary? Some believe an ineffective La Follette is better than a Republican in the office. With various GOP candidates calling for the abolishment of the Elections Commission, some fret Republicans could look to the secretary of state's office to vest the power to oversee elections should they get one of their own in there. There's zero chance Republicans would put La Follette in charge of elections. But if, say, state Rep. Amy Loudenbeck, R-Clinton, were to win, it could be a different story. At the very least, Republicans might look to give the office some kind of role in elections or even a tie-breaking vote if the commission — split evenly between Dems and Republicans — deadlocks as it often does on high-profile issues. Insiders are unsure how much trouble La Follette would be in for a

general election. After all, he survived a GOP wave in 2010 with 51.7 percent. If Sabor were to win the primary, some say, the race in a GOP wave year would be a pure generic ballot contest, and that would likely favor the GOP nominee. Having the La Follette name on the ballot could again avoid a red tide. But it wouldn't be because he's done anything to earn another term, insiders say.

Ron Johnson: First, the effort to pass false electors to then-Vice President Mike Pence was a staff-to-staff conversation and no more. Then, the Oshkosh Republican claimed the slate of electors for Wisconsin and Michigan came from the office of U.S. Rep. Mike Kelly, R-Pa. Then it turned out Johnson actually communicated with attorney Jim Troupis, who was involved in the elector scheme, and the senator directed him to his chief of staff. Oh, and Kelly says he hasn't spoken with Johnson since 2011 and "there's a continuing difference in what he says took place." To insiders, it's a failure of crisis communications 101. Get the facts, put an explanation together and stick to it. And despite Johnson ending up — once again — in the eye of a political storm, insiders on both sides still see him as a favorite to win reelection this fall, largely because of the horrible environment facing Dems. Johnson, as he often does during controversies, blames the media for creating a narrative he insists is false. His staff is quick to point out Pence's former chief of staff, Marc Short, says there's no evidence Johnson was personally involved in the attempt to hand the slate of false electors to the vice president. Johnson complains at a forum that Troupis is a victim of the "radical left." When state and national reporters show up at a Milwaukee event to press him for more details, Johnson ignores questions and heads out the back. It's just not a good look. Republicans insist the public doesn't care about the Jan. 6 committee hearings, and the polls show things like gas prices are much more prominent on voters' minds. Others argue the hearings will have an effect, particularly when they are revealing the lengths to which former President Trump went to overturn the election results on false pretenses. Johnson ducking questions after his story shifted just compounds the problem, some say. The latest Marquette University Law School Poll again underscores how vulnerable Johnson is. He's about even with all four of his top Dem challengers. Meanwhile, 37 percent of voters have a favorable opinion of him, while 46 percent don't. Johnson's backers have been quick to shrug off those numbers, arguing all that matters is where he's at come Election Day, and the more voters hear positive messages on paid media, the more it will drown out the stream of negative stories about his comments on things like COVID-19. They also point out many pointed to Johnson's poll numbers in summer 2016 to count him out, only to see him pull off a more than 3-point win over Dem Russ Feingold in their rematch.

Critics point out that while Johnson's numbers in summer 2016 weren't great, he was at least about even. In the June 2016 Marquette poll, 33 percent had a favorable opinion of him, 31 percent didn't and 33 percent didn't express one either way. After nearly a dozen years in office, he's upside down by 9 points. And yet insiders on both sides believe the environment gives him a slight advantage, and he may end up having the best political timing of any politician in Wisconsin history. He won office in a red wave a dozen years ago, benefited from Trump pulling out new voters in rural Wisconsin six years ago and is looking at an environment where Joe Biden is upside down with Wisconsin independents by 41 points. No, Johnson doesn't look very strong against any of his Dem rivals right now, and any incumbent below 50 percent is vulnerable. But fans say just wait until the attack ads start against the eventual Dem nominee. Some question if Johnson will be able to rehab his image enough with independents and even moderate Republicans after his string of controversies. If he can't, it would mean having to rely on a supercharged hardcore base turning out. That's possible considering how angry voters are right now every time they go to the pump, GOP operatives say. It just leaves little margin for error. Unlike six years ago, Johnson won't have to worry about outside groups abandoning him in late summer. With his race among a handful that will decide control of the Senate, GOP groups have committed millions to the race to pump him up. Once there's a Dem nominee, expect that focus to switch to tearing down the other candidate.

Joe Biden: That the president isn't doing well with Republicans is understandable. His struggles with independents are troublesome. And his soft numbers with Dems could add up to a red wave unless he finds a way to at least stem the bleeding, insiders say. The latest Marquette University Law School Poll finds Biden's job approval sinking to 40 percent with 57 percent disapproving - his lowest mark since taking office. A deeper dive into the numbers show just how bad it is, with only 25 percent of independents approving of how he's handling his job and 66 percent disapproving. Former President Trump was upside down in the June 2018 Marquette poll, though it was only a 6-point gap at 44-50. His worst number that year was 42-54 before he got to 47-50 in the final poll before the election. The year 2018 featured a squeaker of a win for Dem Tony Evers in the gov's race, while U.S. Sen. Tammy Baldwin ran away with her reelection bid by nearly 11 points. Trump had soft support among some Republicans who were turned off by his antics, and he had an 82-12 split among GOP voters for his job approval in the June 2018 poll. Biden doesn't have the baggage. But he is doing slightly worse with his own base; 79 percent of Dems said they approved of the job he's doing, while 17 percent

disapproved. Insiders surmise those Dems who aren't with Biden are likely part of the progressive base unhappy that he hasn't delivered on promises he made during the campaign, such as wiping out student loan debt or finding a way to go big and bold despite a divided U.S. Senate. The political realities of a 50-50 Senate may be making life challenging for Biden politically. Still, some in the Dem base just don't see a fighter in the White House. After the U.S. Supreme Court overturned *Roe v. Wade*, Evers and AG Josh Kaul announce a lawsuit seeking to overturn the state's 1849 ban. Republicans dismiss the suit as a political stunt. And some Dems acknowledge it may be a fruitless endeavor. But they also say it sends the message the two are willing to try. Meanwhile, reports out of DC suggest Biden and his administration are concerned that aggressive moves would be polarizing and could undermine trust in institutions like the U.S. Supreme Court. Biden says he's now open to eliminating the filibuster to codify abortion rights, but that's not quite the aggressive use of executive power that some in the base are demanding. Republicans, meanwhile, believe Biden's numbers are close to locked in and now it's only a matter of just how big of a drag he will be on the ticket this fall.