



**Wisconsin State AFL-CIO**

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## **2017-19 Wisconsin Biennial State Budget Summary**

On February 8, 2017, Governor Walker unveiled his proposed 2017-2019 Biennial State Budget for the period beginning July 1, 2017 and ending June 30, 2019. This Budget contains abundant cuts, restructures State departments, programs, and agencies, puts in place an undemocratic scheme to eliminate license requirements for professions and occupations, and consolidates more power into the Governor's office.

Governor Walker's proposed Budget is a political tool that he hopes will rescue his popularity in advance of his re-election campaign next year. His proposed Budget is also deceptive as it meagerly attempts to back-fill massive holes left by his last three budgets in the hopes that Wisconsinites have forgotten just how large the devastation to our public schools, roads, and UW System has grown over the past six years. Gov. Walker should know that Wisconsinites will see this Budget for what it is: another reckless budget that attempts to advance the Governor's political ambitions and fails to advance the interests of every working family in Wisconsin.

It is up to us to be knowledgeable about this Budget and to sound the alarm on its many dangerous proposals. It's up to us to attend and speak out at the Legislature's public hearings. It's up to us to contact and inform our legislators on the ways in which this Budget will impact us: Wisconsin's working men and women and our families. Just as important is our responsibility to talk with our co-workers and neighbors regarding the future of Wisconsin and Gov. Walker's plan with this Budget to dismantle our democracy, our communities, and our middle class.

This document reviews the most egregious ways in which the Budget harms just about everyone in Wisconsin. Now that the Governor's proposed Budget has been introduced in the Legislature as Assembly Bill 64 and Senate Bill 30, it has been assigned to the powerful Joint Finance Committee to study and amend. The Joint Finance Committee will hold six public hearings around the State. This document includes a list of the public hearings.

It is important to note many of the items in Governor Walker's Budget are not fiscal items but policy items that traditionally have been debated in legislative committees and go through the bill process and not the budget process. Gov. Walker has buried these important policy discussions in a circumvention of our democracy. By putting items relating to education, workers compensation, employment rights like workplace discrimination and FMLA, and occupational licenses, among others in the Budget, he is dodging the public and our traditional democratic process. The Wisconsin State Biennial Budget should be used to guide the financial planning of our state, not a tool for jamming through issues that require full debate.

In sum, Governor Walker's recommended Budget is a deceptive budget that he is using for his own personal and political gain at the expense of Wisconsin's working families.

## **K-12 Education**

The Governor's K-12 budget requires careful inspection. While it proposes a needed increase in funding for some schools, the Budget removes regular license renewals for teachers and administrators, increases funding and further deregulates voucher schools, eliminates required hours of instruction, attempts to dilute the power of locally elected school boards, and repeals the popular and highly effective farm-to-school program.

### *Funding for Public K-12 Schools*

Lest we forget, Governor Walker has enacted the biggest cuts to public K-12 education in our State's history. In his first budget, he cut \$782 million from public schools. Since then, he has slowly dripped more money into education, but not necessarily public K-12 education. This Budget follows a similar pattern.

In this Budget, Gov. Walker allocates \$649 million for all schools, public and voucher. For the first year of the Budget, public K-12 schools will receive an average per pupil increase of \$200. This is a sufficient amount only to keep pace with inflation. However, Gov. Walker once again eschews local control and uses public employees to divide and conquer by placing a large catch to receiving public school funding: there would be no additional funds for school districts that fail to meet and report certain aspects of Act 10. The union-busting Act 10 required employees to pay at least 12% of health care coverage costs. A number of districts currently have chosen to do what is best for their school district and may not be meeting this one condition.

### *Eliminating Regular Renewals for School Administrator & Teacher Licenses*

Gov. Walker seeks to remove the regular re-licensing of school administrators and teachers. Regular license renewals ensure our administrators and teachers have the latest skills, certifications, professional development, and are active educators. At this time of rapidly changing information and teaching methods, it is imperative that our school administrators and teachers are well-equipped to prepare our students for the future. This proposal joins other de-licensure measures in the Budget where Gov. Walker attempts to eliminate or weaken licensing standards, which ultimately will weaken the quality of the professionals and their wages.

### *Voucher Schools*

This Budget is again a boon for the voucher school industry. Wisconsin's voucher payments for unaccountable private schools would increase by \$217 per student in the first year and again in the second year of this Budget. This is a larger increase than public school students are receiving in this Budget (only \$200 in the first year and \$204 in the second year). The Budget proposal also eliminates annual reporting requirements for the already unaccountable voucher schools, such as their not-for-profit tax status, listing of Board of Directors, and the owners or shareholders so that the public can determine any conflicts of interest, financial or otherwise.

### *Eliminating the Hours of Instruction*

The proposed Budget completely eliminates the required number of hours of instruction that each child must have when enrolled at any school. This includes public and voucher schools, and any school that receives public dollars for kindergarten through the 12<sup>th</sup> grade. Gov. Walker cites the reason for this elimination is because recess, passing periods, and outreach services for pre-kindergarten (K4) students are all counted as a school hour, and so therefore no hours of school should be counted for any student.

### *Diluting the Power of Locally-Elected School Boards*

This Budget repeals the requirement for school boards to meet monthly, and replaces it with a requirement that they only meet once per year. This is nothing more than an attempt to weaken or dilute school boards, as no real business can be conducted once annually. Locally-elected school boards are an important part of our democratic structure as they bolster the underpinnings of our public education system.

### *Farm-to-School Repeal*

Wisconsin was one of the first states in the nation to create a farm-to-school program that connects local farmers with cafeterias in local schools. But Gov. Walker's proposed Budget cuts this program that brings fresh produce into schools and creates local economic activity. In 2015, more than 150 Wisconsin school districts participated in the farm-to-school program.

## **Prevailing Wage**

Governor Walker's proposed Budget seeks to fully eliminate the State's Prevailing Wage law. Prevailing Wage laws like the one currently in place in Wisconsin set a wage floor for workers and ensure a level playing field for Wisconsin's workers and contractors alike. Prevailing Wage laws require contractors who bid on taxpayer-funded projects to pay their workers a fair wage that is in-line with private sector projects in the same community. Wisconsin's Prevailing Wage statutes ensure that state building projects and state highway projects are built with high-quality workmanship. Prevailing Wage creates value through good wages for workers, stability for contractors, and safe building projects for citizens.

Until 2015, Wisconsin had three Prevailing Wage statutes: one for local governments, one for state government, and one for state transportation projects. Leading up to the passage of the 2015-17 State budget, there was a considerable amount of special interest pressure to pass a budget that contained a full repeal of Wisconsin's Prevailing Wage statutes. Instead, Senate Republicans slipped a late-night amendment onto the 2015-17 State budget, eliminating only the local government Prevailing Wage. They also voted to use the federal prevailing wage instead of Wisconsin's Prevailing Wage for state projects. The issue did not go away with the late night votes passing the 2015-17 Wisconsin State Budget, however.

Gov. Walker's proposed Budget completely eliminates Wisconsin's two Prevailing Wage statutes: the one that applies to state projects and the one that applies to highway projects.

Repealing Wisconsin's Prevailing Wage laws will not produce any savings for the State. Governor Walker's own Budget does not indicate any savings due to his proposal. Likewise, in 2015, no State Department determined that repealing Wisconsin's Prevailing Wage statutes would result in any savings to the State. In fact, repealing Wisconsin's Prevailing Wage statute will cost the State money down the road, when state projects are built by contractors that undercut labor costs and safety standards.

## **Worker's Compensation**

Wisconsin has one of the best worker's compensation systems in the country. In fact, the non-partisan Workers Compensation Research Institute has found that our system is more efficient and injured workers heal faster than many other states. The tradition and practice of our great worker's compensation system includes the citizen-led Worker's Compensation Advisory Council. Historically, any changes to the worker's compensation law are first agreed to by this Council, which is comprised of representatives from labor and management.

### *Elimination of Court Reporters for Worker's Compensation Cases*

Once again, Governor Walker is using the budget process to effect policy change. In this Budget, he proposes to eliminate a majority of the court reporter employees assigned to worker's compensation hearings and trials. The Budget allows the State to replace the work of these employees with audio recording machines. Unlike machines, court reporters ensure the accuracy, credibility, and legitimacy of the hearings and trials.

Governor Walker also proposes major changes to the worker's compensation appeals process, which is currently handled by the Labor and Industry Review Council. These changes are outlined below. These proposed changes that relate to worker's compensation were not brought to the Worker's Compensation Advisory Council.

It is also important to note taxpayers do not pay for the worker's compensation system or benefits; the entire system, including the cost of the court reporters and worker's compensation appeals to the Labor Industry Review Commission, is funded privately by worker's compensation insurance rates and the fees from those entities that are self-insured. Therefore, none of the proposed changes to Worker's Compensation will save the state any money.

## **LIRC**

The Governor's proposed budget seeks to eliminate the Labor and Industry Review Commission (LIRC). LIRC is a 3-member commission and an independent state agency. For 50 years, LIRC has been responsible for determining appeals of worker's compensation, unemployment insurance, and equal rights cases. Equal rights cases include discrimination, harassment, housing, family and medical leave, and whistleblower claims.

LIRC provides stability in the appeals process by issuing uniform, statewide, and timely decisions. After an Administrative Law Judge decides a case involving worker's compensation, equal rights, or unemployment, either party can appeal that decision to LIRC. LIRC will review the case and applicable law and will issue a decision that either upholds, reverses, or modifies the Administrative Law Judge's initial determination; it can also direct further hearings or other proceedings. The decisions of LIRC may be appealed to circuit court. In 2015, LIRC reviewed 2,085 cases.

Should this budget provision pass, LIRC will be entirely eliminated and the duties of its 26 full-time employees disbursed to three employees: an administrator in the Department of Administration and two administrators in the Department of Workforce Development. All three administrators have current and demanding responsibilities. This proposal does not transfer current LIRC staff to the proposed departments or provide for additional staff to assume the new appellate responsibilities.

LIRC is an independent check and balance on the appeals system for workers. It has worked well for employees and employers for over 50 years. When workers disagree with the outcome of their worker's compensation, unemployment, or equal rights case, they go to LIRC for review. Under this budget proposal, this important body will no longer exist. Workers will be forced to give up an appeal, take it to an Administrator (who will be inundated with massive caseloads), or take their appeal to a complicated and expensive court system.

Gov. Walker has never campaigned or talked about eliminating this important check and balance system. Eliminating LIRC is another way to reduce workers' ability to receive a fair and impartial decision regarding their rights at work.

### **Undemocratically Eliminating Occupational & Professional Licenses**

With this Budget proposal, Governor Walker seeks to eliminate licenses for dozens of professions and occupations. Licenses are critical to ensure that the services and goods we receive are regulated and safe and that qualified people are hired for jobs such as anesthesiologist assistant, electrician, plumber, acupuncturist, and dentist.

Under this proposal, Gov. Walker would create the undemocratic Occupational License Review Council. This Council would have 13 members: 9 appointed by the Governor and 4 appointed by Legislative leaders. The Council would be required to evaluate whether each license is needed and to provide recommendations for license eliminations for a legislative bill. This Budget proposal then requires the Legislature to undemocratically ram the bill through without public input. The Budget proposal sets up a predetermined outcome, which is why all working people should be aware of this proposal and speak out now.

Gov. Walker's extreme agenda has been to get rid of unions, which protect the right of workers to speak out on issues such as the quality of work and workplace safety, and to get rid of regulations, such as licenses that protect the public from low-quality work and unsafe products. Gov. Walker has attempted to get rid of licenses at every turn. This Budget proposal is a back-door way to achieve his goal of eliminating licenses, which will lower the quality of work and will drive down the wages of all workers.

## **UW System**

The Governor's Budget proposes a "Right to Work"-like dues structure for student fees. Currently, students are charged a fee that funds student organizations. A committee of UW students allocates the fees, in consultation with the UW Chancellor at their institution. The fees are different at each institution, but at every institution the fees fund various student activities like student government, the student radio station, women's health centers, etc. In this proposed Budget, Governor Walker requires the Board of Regents to allow students to refuse to pay their fair share of the student fee. All students will still benefit from student organizations; for example, they will still benefit from student government and could still listen to the student radio station at any time. Governor Walker is attempting to weaken the power of students and weaken the infrastructure that supports a strong community on campus.

In addition, on the heels of the 2015-17 State budget that decimated the University of Wisconsin System's budget by \$250 million, Governor Walker's current Budget proposal only offers to increase the state funding for the UW System by \$42 million, hardly restoring the devastating cuts he made along with eliminating tenure from state law, and changing shared governance. The paltry funding comes with a catch: Governor Walker ties the funding to a complex performance mechanism that requires the Board of Regents to rank and publish each UW System institution's performance on a set of criteria and then allocate funding to each institution based on their ranking. For the 2018-19 school year only, the Governor's proposed budget funds a 5% tuition reduction, which will cost the State \$35 million.

## **Transportation**

The Governor's Budget proposal for transportation infrastructure recklessly delays projects and borrows more money. Wisconsin needs a budget that will establish a reliable funding source, fix our crumbling roads and infrastructure, assure that workers, tourists, farmers, and businesses have a reliable transportation system, and create good jobs for the men and women who build our infrastructure.

Much of Wisconsin's infrastructure is crumbling due to its age and a lack of political leadership to ensure that Wisconsin's residents, businesses, and tourists have safe and reliable roads, bridges, and public transportation systems. In fact, last month US News & World Report downgraded Wisconsin's roads to 2nd worst in the nation. It found that 42% of Wisconsin's roads are in poor or mediocre condition. Similarly, another study produced last month found that over 10% of Wisconsin bridges are in need of repair. These bridge repairs collectively will cost the State \$2 billion – an amount that exceeds the entire Department of Transportation's budget.

Wisconsin's infrastructure problem has been on-going for some time. Starting in 2011, the Legislature has made significant cuts to and imposed limitations on public transit, which Wisconsinites rely upon for travel to current and future job opportunities. Last budget, the Governor and the Legislature opted to irresponsibly borrow an astounding \$850 million – rather than establishing a reliable funding source of revenue, such as indexing the gas tax to inflation or increasing registration fees.

With a few small changes, Wisconsin's motorists may not be forced to pay \$100/year more than the national average for car repairs due to poor road conditions. For example, our roads are funded in part by the gas tax. The gas tax used to be tied to inflation, but in 2005 the Legislature stripped the indexing of inflation. Due to this one vote, our State has missed out on more than \$1 billion in additional revenue for the years 2006-2015. In addition, our registration fees are less than surrounding states. Our transportation needs deserve a dedicated funding stream that will keep up with needed repairs, instead of placing our needs on the State's credit card for our children to pay.

Governor Walker has shirked duties once again to fix this problem once and for all by borrowing \$500 million more and putting the brakes on critical construction projects. Everyone knows that stopping a project in the middle costs more in the long-term, not to mention the incredible inconvenience to people using the roads. A Department of Transportation January memo revealed that delaying projects increases the costs for temporary fixes by \$125 million each year for the next 30 years just to maintain deteriorating roads. A prudent solution would be a permanent fix like indexing the gas tax to inflation and/or increasing vehicle registration fees.

### **Technical Colleges**

Governor Walker continues his failed economic and educational agenda by diminishing our Wisconsin Technical College System. From 2011 to today, Gov. Walker has cut state funding for Wisconsin's Technical Colleges by 23%, even adjusting for inflation.

In this Budget proposal, Gov. Walker recommends freezing technical college tuition and providing \$10 million over two years in state funding to technical colleges to make up for the loss of tuition revenue. The Governor also proposes to tie 30% of all funding to a set of vague performance criteria.

### **Educational Approval Board**

For the second time in a row, the Governor's proposed budget seeks to eliminate the Educational Approval Board. The EAB is an important independent board that oversees for-profit colleges, which are often referred to as "drop out factories" and "diploma mills" for the high tuition charged to primarily low- and middle-income young adults combined with low admission standards and deplorable job placement rates. The Educational Approval Board is not funded by taxpayer dollars; rather, it is solely funded by fees that are assessed to the for-profit schools monitored and held accountable by the Educational Approval Board.

The Educational Approval Board monitors what can be a terribly unscrupulous industry. There are 271 for-profit colleges in Wisconsin that educate approximately 40,000 students. Because each school is really a business, they can close their doors at any time. For example, at the end of 2016, Globe University shut its doors at its 5 campuses in Wisconsin: Eau Claire, La Crosse, Madison, Appleton, and Wausau. The for-profit school gave its students just two weeks' notice. The Educational Approval Board assisted its current and former students in transferring credits, discharging or refunding educational loans owed to the business, and obtaining educational transcripts.

The Governor's Budget seeks to eliminate the independent Educational Approval Board and transfer its duties to the Department of Safety and Professional Services. With less regulation and oversight, more for-profit colleges will be bringing their unscrupulous business practices into our state, via brick-and-mortar buildings or websites to deliver online education. Without a strong Educational Approval Board that assists students and consumers and holds these for-profit schools accountable, these businesses will not face adequate repercussion for their actions to defraud Wisconsinites.

## **WERC**

This Budget is Governor Walker's second budget that seeks to gut the Wisconsin Employment Relations Commission (WERC). The WERC is an independent agency run by three commissioners. Its mission is to promote peaceful and harmonious labor-management relations by impartially administering Wisconsin's labor laws: the Wisconsin Labor Peace Act, and the Municipal and State Employment Relations Acts.

Gov. Walker's Budget proposal seeks to gut this important State agency by reducing the commissioners from three to one, eliminating critical staff, and mandating that any unused funds earmarked for the WERC are returned to the State.

## **Project Labor Agreements**

The Governor's Budget proposal seeks to prohibit state and local governments from using Project Labor Agreements by preventing state and local governments from requiring them, even when the local government knows that it is in the best interest of taxpayers to do so. A few hours before the Governor released his Budget, the Senate passed a bill (SB 3) that identically mirrors this budget proposal. The Assembly passed the bill on March 8; the bill awaits the Governor's signature before it is officially passed into law.

Project Labor Agreements are frequently used by private companies and state and local governments to ensure that all contractors and employees on a given project agree to the same rules in terms of safety and quality, dispute resolution, hours, pay, schedules of work, among other terms and conditions. Wisconsin's workers favor Project Labor Agreements because they ensure that workers are receiving fair compensation that is set for the training and skills they bring to the job. With Project Labor Agreements, workers can trust that everyone on the jobsite will have met high training standards, and that safety measures are taken seriously throughout the project. For the numerous benefits that Project Labor Agreements provide workers, it is the taxpayers that benefit the most. Project Labor Agreements have shown to be tremendously effective at delivering public infrastructure projects on-time and under-budget.

This proposal would not produce any savings for the State as Governor Walker's own Budget does not indicate any savings due to his proposal.



## **Weakening Due Process for Discriminated Workers**

The Governor's Budget seeks a significant and radical change for workers who are victims of employment discrimination and unlawful family and medical leave and bone marrow or organ donor leave actions. This Budget provision is not a fiscal item but a radical change to Wisconsin law that for decades has protected workers' right to receive a fair hearing before an impartial judge. The effect of the Governor's proposal will be to force discriminated workers to settle lawsuits and deny their right to due process.

Currently, workers who believe they were illegally discriminated against or denied employment due to Wisconsin's FMLA or bone marrow or organ donor leave can file a complaint with the State's Equal Rights Division. If an Administrative Law Judge finds that the employer broke the law, workers can receive back pay, their attorney's fees, and their jobs back.

Under the proposal, if a company gives a settlement offer to a worker before the hearing, the worker rejects the offer, and after a hearing the judge awards the worker a less-favorable award than what the company's settlement offer was, then:

- The worker will not be able to recover any fees, including their own attorney's fees; and
- The worker will have to pay the company's fees, including the company's attorney's fees.

Last, the Budget proposal will remove the ability for Administrative Law Judges who hear discrimination claims, including sexual harassment claims, to force the company to pay for the employee's attorney fees when the judge's award does not give the employee back pay or another "tangible" benefit. This frequently happens in harassment claims when the employee is not fired, but endures harassment at work due to their gender, sexual orientation, race, etc. Therefore, this will be a clear disincentive for employees to bring claims when the company's illegal action has not resulted in actual loss of pay.

## **Department of Natural Resources**

In this Budget, Governor Walker continues to cut and gut the Department of Natural Resources. He proposes to eliminate 43.5 full-time employees, and again proposes to increase camping and park admission fees. In another policy proposal that has no fiscal effect, the Governor seeks to eliminate the DNR's magazine, *Wisconsin Natural Resources Magazine*. The costs of this bi-monthly magazine are entirely funded from subscriptions and single-copy sales. The December 2016 magazine sold almost 85,000 copies.

## **Eliminating Important Commissions, Councils & Even Exams**

The Governor again seeks to eliminate important Commissions, Councils, and even occupational exams, all of which have existed for decades or longer. The list of Commissions and Councils is exhaustive. Therefore, below is an example of just four important Commissions and Councils the Governor wishes to eliminate through the State Budget. In another move to weaken industry standards, he uses the Budget as a vehicle to eliminate exams for important occupations.

### *Plumbers Council*

Wisconsin's Plumbers Council is a 3-member Council that, per state law, advises the Department of Safety and Professional Services on rules related to qualifications, examination, and licensing of various plumbing occupations. Labor has representation on this important Council.

### *Automatic Fire Sprinkler System Contractors and Journeymen Council*

This important Council currently advises the Department of Safety and Professional Services on matters related to the qualifications, examination, and licensing for fire sprinkler system fitters and contractors. Fire sprinkler systems save lives by containing fires. The elimination of this Council is dangerous.

### *Parole Commission*

The Wisconsin Parole Commission is an 8-member commission that handles parole requests for the 2,000 inmates who have served enough time to be eligible for release. These are inmates who were sentenced over 17 years ago. Governor Walker proposes to transfer the entire Commission's work to one employee. The result will be additional taxpayer dollars going to support inmates who otherwise could be, upon an in-depth determination by a full Parole Commission, released back into society.

### *Judicial Commission*

For the second proposed budget in a row, Gov. Walker seeks to eliminate the Judicial Commission. Wisconsin's Judicial Commission is often called "Wisconsin's independent judicial watchdog" because it is an independent agency dedicated to investigating and prosecuting misconduct or permanent disability of Wisconsin judges or court commissioners. By transferring its duties to the Supreme Court, Gov. Walker is putting the foxes in charge of the hen house. Within the past few years, the Judicial Commission has filed complaints against three Supreme Court Justices (Prosser, Ziegler, and Gableman) for misconduct. If this proposal passes, it is more than dubious how the Supreme Court can ethically and impartially investigate and prosecute its own members and other judges around the State.

### *Eliminating Exams*

Governor Walker's proposed budget eliminates examinations in order for individuals to receive licenses to become Journeyman Electricians, Journeyman Plumbers, Journeyman Automatic Fire Sprinkler System Fitters, and Journeyman Automatic Fire Sprinkler System Contractors. This, combined with the aforementioned effort to eliminate licenses, is an attack on the safety and quality of work performed and will serve to drive down wages by allowing individuals who may not have passed an examination to become electricians and plumbers.

## **Political Kickback: The Manufacturers & Agriculture Tax Credit**

In this Budget, the Governor misses a clear opportunity to end an excessive and massive political kickback for the wealthiest in Wisconsin. The Governor's first budget in 2011 included a kickback for the elite deceptively called the "Manufacturing and Agriculture Tax Credit." This tax credit had nothing to do with manufacturing, agriculture, or jobs, but was exclusively for giving a tax break to the wealthy. Last year, the 11 wealthiest tax filers in Wisconsin (either individuals or married couples) who make over \$30 million per year received over \$22 million in tax credits through this kickback. This scheme does not require any jobs to be created.

This one political kickback costs the State \$284 million per year, or \$568 million over a two-year budget cycle. By implementing this one political kickback, Governor Walker has manufactured a financial crisis, which he has used to make massive cuts to our public schools and UW System, reduce spending on needed infrastructure, and place additional barriers for the unemployed and hungry.

Instead of eliminating this political kickback, or restructuring it to align with the initial estimated cost of \$129 million, Governor Walker proposes to close a \$27 million dollar loophole that allowed some of the elite to claim the credit twice.

## **Manipulating Tax Credits for Working Families**

### *Earned Income Tax Credit*

Six years ago, Gov. Walker raised taxes on 145,000 low-wage workers with children when his Budget cut \$55.6 million from the Earned Income Tax Credit. The Earned Income Tax Credit is an anti-poverty program that was originally created with bipartisan support because it rewards work, supplements a minimum wage that is inadequate for survival and helps families stay off public assistance.

In this Budget, as he prepares for his re-election, Governor Walker is slightly changing his stance regarding the Earned Income Tax Credit. He proposes to increase the Earned Income Tax Credit only for parents with one child. The Governor proposes to pay for this by redirecting federal aid that was meant to be used for other safety net programs. Therefore, he will reduce resources for existing services and programs that are used by single adults and parents with more than one child to pay for a small tax credit for small families.

### *Homestead Tax Credit*

Six years after the Legislature and Gov. Walker repealed the indexing of the Homestead Tax Credit, Governor Walker seeks to further gut this important tax credit. The Homestead Tax Credit was pioneered in Wisconsin in 1964 to offset the cost of property taxes for modest-income residents, particularly the elderly and renters. With this Budget proposal, Gov. Walker takes \$22 million from poor and middle-class adults.

Currently, the Homestead Tax Credit helps Wisconsinites who are 18 years or older, own or rent a residence, and have household income under \$24,680. The budget proposes to prohibit many individuals from qualifying for this tax credit.

The Budget proposes to only allow certain adults from benefitting from the Homestead Tax Credit: those who are 62 years or older and those who are disabled. If an individual is able-bodied, above 18 years old, and has any earned income under \$24,608, they would receive a modified or no tax credit.

### **Rolling the Dice on Health Insurance for State Employees**

Governor Walker proposes to change the way the State of Wisconsin provides health insurance to the thousands of the employees that work for the State and UW System. His proposal to have the state self-insure health care must be approved by the Joint Finance Committee, but his proposed Budget assumes the approval and already allocates funding based on his office's projected savings. This is reckless as the savings could very well not exist. Consultants hired by the state have said self-insurance could cost \$100 million a year or save \$42 million a year. Governor Walker's proposal has taxpayers assuming the financial risk for this risky proposal to fund state employees' healthcare.

Gov. Walker's plan to have the State self-insure means that the State will be consolidating all healthcare options that are currently offered to state employees into one monopolistic option run by the State. His plan will offer less options to state employees who currently have stable health insurance options that meet their individual and family's needs.

With this proposal, and folding in assumptions into his Budget, Governor Walker is rolling the dice on healthcare for employees with taxpayer dollars.

## **Consolidating Power in the Governor's Office**

### *Moving over 400 positions to under the Governor's Department of Administration*

In his proposed Budget, the Governor is proposing to move 485 human resource employees from their respective departments and agencies around the State to the one department that works directly for the Governor: the Department of Administration.

Currently, each State Department, whether it be Corrections or the Department of Natural Resources, has dozens of human resource employees that currently report to their own Department Secretary. With this proposed Budget, the Governor is amassing power and control over State employees and taking power away from all of the various and independent agencies and departments, with the transfer of 485 positions. This proposal does not save the State any money.

### *Increasing the Threshold for Competitive Bids*

In the Governor's Budget proposal, the Governor seeks to increase the number of no-bid contracts the State can enter into. Currently, the threshold for a no-bid contract is \$50,000. With this Budget proposal, the State will only have to seek competitive bids if the estimated amount of the project is above \$100,000. Increasing the threshold for competitive bids increases the opportunity for corruption and waste.

Furthermore, this Budget proposes waiving the requirement to seek competitive bids on supplies, materials, and equipment, if "it is in the best interest of the State to do so," but never defines what that means. In addition, the proposed Budget would allow the Secretary of the Department of Administration to issue a waiver of certain procurement bidding requirements without the Governor's approval for a purchase that is under \$150,000.

## **Important Dates**

- April 3: Official Joint Finance Budget Hearing: Platteville  
10 a.m. – 5 p.m.  
University of Wisconsin-Platteville  
Ullsvick Hall  
30 South Hickory Street  
Platteville, WI 53818
- April 5: Official Joint Finance Budget Hearing: Milwaukee area  
10 a.m. – 6 p.m.  
State Fair Park - Exposition Center  
8200 West Greenfield Avenue  
West Allis, WI 53214
- April 7: Official Joint Finance Budget Hearing: Ripon area  
10 a.m. – 5 p.m.  
Berlin High School Auditorium  
222 Memorial Drive  
Berlin, WI 54923
- April 18: Official Joint Finance Budget Hearing: Washburn County  
10 a.m. – 6 p.m.  
Spooner High School Auditorium  
801 County Highway A  
Spooner, WI 54801
- April 19: Official Joint Finance Budget Hearing: Pierce County  
10 a.m. – 5 p.m.  
Ellsworth High School Gymnasium  
323 West Hillcrest Street  
Ellsworth, WI 54011
- April 21: Official Joint Finance Budget Hearing: Marinette  
10 a.m. – 5 p.m.  
Marinette High School Auditorium  
2135 Pierce Avenue  
Marinette, WI 54143
- April – TBA: Joint Finance Committee Executive Sessions
- June – TBA: Assembly & Senate debate and vote on Budget (AB 64 / SB 30)
- June – TBA: Governor Walker issues vetoes, signs budget

## **Members of the Joint Finance Committee**

Sen. Darling (Co-Chair, R)	Sen. Harsdorf (R)	Sen. Taylor (D)	Rep. Born (R)
Sen. Olsen (Vice-Chair, R)	Sen. Vukmir (R)	Sen. Erpenbach (D)	Rep. Rohrka (R)
Rep. Nygren (Co-Chair, R)	Sen. Tiffany (R)	Rep. Loudenbeck (R)	Rep. Hintz (D)
Rep. Kooyenga (Vice-Chair, R)	Sen. Marklein (R)	Rep. Felzkowski (R)	Rep. Shankland (D)