



**Wisconsin AFSCME Legislative Report - Update on the Walker budget
Friday, June 7, 2013**

A report on action taken by legislature's Joint Finance Committee

The budget-reviewing committee has completed its work on the budget (AB 40), which now moves to the full Assembly for action. For the next week or so, lawmakers will hold budget briefings and caucuses to figure out their floor strategy for the upcoming budget vote and debate. The Assembly will take up the budget the week of June 17. The Senate should act on the bill the week after and send the bill on to the governor by the end of June.

It is possible that the Assembly or Senate may modify sections of the budget bill. But the bulk of the legislature's work on the budget usually happens in committee. That means 98% of the budget is "done" but there are still opportunities to amend the bill. If that happens, both houses must pass identical amendments and any differences in the Assembly and Senate must be reconciled, either before the houses vote (behind closed doors) or in a formal semi-public 'conference committee'.

In addition to the budget, this June lawmakers are expected to take up other legislation, such as election and voting restrictions, abortion law changes and possibly even more cutbacks on workers' unemployment benefits. Lawmakers will be extremely busy these next few weeks. AFSCME is keeping close tabs on all of these issues.

Here's our general overview of the big ticket policy items as well as issues of interest to labor in the Walker budget, as modified by the Joint Committee on Finance.

Public school funding gets modest boost

K-12 schools will get an additional \$150 per student in general school aids for 2013 and another \$150 increase in 2014 under the revised budget plan adopted by Joint Finance. All in all, K-12 spending would cost \$289 million, with \$231.5 coming from taxes, \$52 million property taxes and the rest from increased state lottery revenue. The committee voted to provide \$10 million in transportation aids in districts where transportation costs are high. They deleted the governor's proposed \$64 million increase in school incentive grants to reward schools for high performance.

The Joint Finance Committee could have done much more to help struggling public schools, especially in light of recent news of a revenue surplus. Senate Democratic Leader Chris Larson of Milwaukee and others have urged the committee to increase public school funding by \$275 per student, as well as the elimination of the expansion of unaccountable private school vouchers.

"After the historic cuts to education funding in the last budget, increasing per pupil spending by \$275 is a modest request. While an additional \$275 per student at our neighborhood, public schools will not fill the \$1.6 billion hole created in the last budget, it is a step in the right direction," Sen. Larson stated.

Private school voucher program to go statewide and lawmakers ok a massive private school tax break

The Joint Finance budget expands school vouchers from only Milwaukee and Racine to all school districts across Wisconsin. This is much broader than what the governor had originally proposed. The amendment limits participation to 500 pupils the first year and 1,000 every year after that. The amendment provides that no more than 1% of the students

in any district may participate in the voucher program. Vouchers would be limited to families making 185% of the federal poverty level or less. In contrast, in Milwaukee and Racine, the limit is 300% of the FPL.

Their plan also scraps the proposed “special needs vouchers” as well as the statewide charter school oversight board. The UW-Milwaukee is authorized to sponsor a charter school anywhere in Milwaukee County or in a neighboring county.

Private school tuition tax break approved by Joint Finance – price tag: \$30 million in 2014

On their day of budget actions, the committee approved an amendment to create an individual income tax deduction for private school tuition expenses. The maximum deduction is \$4,000 per year for K-8 and \$10,000 per year for pupils enrolled in grades 9-12. This deduction begins in tax year 2014 and is estimated to cost taxpayers \$30 million in 2014.

Committee OK’s deeper income tax rate cut and tweaks the income tax code

Lawmakers voted to nearly double the income tax break Walker sought in his original budget bill. The tax cuts will cost \$651 million over the two-year budget cycle. Walker’s plan would have cost \$343 million.

The new plan reduces income tax rates in each income category. According to the Legislative Fiscal Bureau, those earning over \$100,000 would get 54.5% of the net tax reduction. The average cut for all earners would be \$158. Those making \$100,000 - \$300,000 would see a \$281 reduction; while those with incomes over \$300,000 would see their taxes go down \$1,518.

Put another way, here’s how the income tax cut affects Wisconsinites: An individual who earns \$40,000 a year would see a total benefit of \$150 under the tax scheme. In contrast, someone earning \$315,000 a year would see a \$1,500 benefit – ten times the benefit of lower income workers!

The GOP tax plan also repeals a number of nonrefundable tax credits: post-secondary education, dairy and livestock investment, ethanol, relocated businesses, research facilities and others. It reduces the interest rate the state pays on amounts owed to taxpayers from 9% to 3%; it sunsets the Wisconsin estate tax on deaths occurring after December 31, 2012 and makes a few tweaks to sales and property taxes. The motion also creates an income tax exclusion for armed forces members who die while on active duty. The last-minute omnibus motion creates another income tax deduction on tuition for private schools, at a cost of \$30 million to taxpayers, as mentioned above.

GOP Medicaid plan covers fewer people but at a higher cost - \$120 million

The Joint Finance Committee disregarded intense public pressure urging it to accept federal Medicaid dollars that could have been used to expand BadgerCare-covered health insurance to 84,700 Wisconsinites. Instead, the Republican plan leaves people on their own, with the idea that they could be covered under the health care exchanges that will be created under the Affordable Care Act. Most will not be able to afford these plans. Their amendment also incorporates a plan advanced by the Walker Administration (that has been rejected by the Obama Administration) which could result in nearly 30,000 children being kicked out of BadgerCare.

The GOP plan costs Wisconsin taxpayers \$119 million more dollars to insure fewer people but with a twist: the GOP amendment provides some \$30 million to compensate hospitals for serving the uninsured, which many say is an admission that their plan will leave many citizens without insurance coverage.

GOP members of the committee argued that families can buy private insurance in the health care exchanges. State Rep. Jon Richards (D-Milwaukee) noted that a family of two making \$15,000-\$20,000 a year would be required to pay up to \$4,000 out of pocket, plus premiums. Families unable to pay the deductible will be left uninsured and will be more likely to use costly hospital emergency rooms when ill.

Transportation and state highways

The governor's transportation budget underscored a stark imbalance between funding for road building versus funding for road maintenance. The budget contains an increase in some \$825 million in new dollars for road building, and no increase in aids to cities and counties to maintain and repair local roads. There is an increase in funding that portion of county transportation aids dedicated to maintaining state highways, however.

The Finance Committee made some key changes to the transportation budget. This happened after it came to light that there was shortfall of some \$63 million in the transportation section of the budget. Another factor was pressure from Republican lawmakers representing rural and northern communities.

To address the projected deficit, the committee approved a number of modifications to the Governor's budget proposal in an omnibus motion. These are described in the following.

Regarding the proposed expansion of the I-94 North-South corridor, the committee reduced funding by \$19 million to reflect a delay for the work on the Ryan Road Interchange. Funding for the Zoo Interchange reconstruction is reduced by \$14 million to delay a portion of the reconstruction of the interchange. The Hoan and Lake Interchange plan is cut by \$10 million but the plan allows the DOT to tap into other highway appropriations to cover the cost of rebuilding the Hoan Bridge.

The revised budget cuts Major Highway Development by \$7.3 million; State Highway Rehabilitation \$12.3 million; cuts the proposed \$55 million increase for Routine Maintenance Agreements (money for counties) by \$2.5 million. The committee made other adjustments in DOT programs to address the deficit.

On the positive side, the committee voted to increase funding for local transportation and transit aids. Here is a run-down of those increases:

- Mass Transit Aids: Increase funding 4% beginning in calendar year 2014.
- Paratransit: Provide \$250,000 annually for paratransit aid for a total annual funding of \$2,750,000.
- General Transportation Aids (Towns): Increase mileage rate 2.4% from \$2,117 to \$2,167 in calendar year 2015.
- General Transportation Aids (Counties): Increase the calendar year county distribution amount 2.4% for CY 2015

Note: On the final day of the committee's deliberations, General Transportation Aids were given a higher boost – from 2.4% to 4% in CY 2015.

The committee increased the automatic transfer of General Fund dollars to the Transportation Fund by \$4.1 million – from \$21.6 million to \$25.7 million. This is in accordance with 2011 Act 32, which ordered annual automatic transfers of millions of General Fund tax dollars and moves the money into the segregated Transportation Fund.

The committee approved 180 new engineering staff positions within the DOT, and to request an audit of the use of consultants for transportation engineering services, the oversight of consultant work and payments of consultants for services.

In spite of the good news about new engineering staff positions and the audit request, the committee also voted to exempt the DOT from cost benefit analysis (CBA) law requirements for engineering services and the requirement that the DOT review the continued appropriateness of entering into contracts with consultants. It was the CBA law itself that revealed the wasteful spending on costly consultants and created pressure on lawmakers to address this outsourcing.

The committee deleted the governor's recommendation to have the state Transportation Projects Commission review existing major highway projects. The original purpose of the TPC has been to review major highway projects and decide the timeline on which projects get funded first.

UW System

The committee voted to freeze undergraduate tuition and cut nearly \$184 million in funding for the UW System. They directed the UW Board of Regents to propose a methodology for calculating tuition reserves. They rejected the plan in the governor's budget to give more autonomy to the UW System and the UW Madison to set their own compensation plans, which have been brought before the Joint Committee on Employment Relations earlier this spring until news of a nearly billion dollar surplus broke. The HR plans are on hold for two years.

In response to the about-face on the UW compensation plan, the committee voted to transfer \$89.4 million for UW System and UW Madison compensation back to the state's Compensation Reserves.

The UW omnibus motion also requires the UW Board of Regents to shift money off of the General Fund (GPR) and use the UW reserves instead. This directive applies to the \$10 million annual incentive grant allocation and money set aside for the Carbone Cancer Center, Medical School Programs, the flexible degree program, and \$58.3 million for the Wisconsin Higher Education Grant in 2013-2014.

The committee made a surprise motion to cut the source of funding for the United Council of UW Students, the nonpartisan body that is funded with a \$3 fee on UW System students. The amendment deletes the automatic payment of the fee, thereby cutting the source of funding for the United Council. A savvy reporter did some research on where this idea came from and discovered that one of the main proponents, a student council leader at the UW Eau Claire, has been a staff intern in the office of state Rep. Robin Vos.

Technical Colleges

Governor Walker's budget provides a \$5 million increase in funding for technical colleges in 2014 but proposed to change how the colleges are funded. AB 40 directs the state college board to establish a new "performance based" formula for allocating general state aid to technical colleges. The formula would allocate funding based on each district's performance in the previous fiscal year based on all of the following criteria and a host of other factors.

The Joint Finance Committee unanimously approved the funding increase but approve a scaled back version of the shift to performance-based funding for the Wisconsin Technical College System.

Aid to municipalities and counties

Local governments rely on a combination of property tax dollars and state aid programs to pay for the courts, juvenile offenders, tax collection, street maintenance and repair, child support enforcement, human services, public libraries and more. Strict levy caps limit the amount of dollars that come from property taxes and shrinking state aid are making it harder and harder for counties and municipalities to pay for the basic local services.

The governor's budget provided no increases in state aid to localities, which are struggling from the historic cuts from the 2011 budget. The Joint Finance Committee made some improvements in state aid for local services, as follows.

- County conservation aid –the committee increased funding for county land conservation cost-sharing grants by nearing \$1.8 million.
- Child support enforcement – the revised budget allocates some \$8.5 million in General Purpose Revenue (GPR), plus a corresponding \$16.5 million in federal funds for county child support enforcement.
- W-2 contracts – the committee voted to reject the governor's plan to cut \$32 million in federal dollars for W-2 contracts and instead approved spending \$18.2 million in federal dollars on W-2 contracts.
- Transportation – the committee increased funding for state highway maintenance by \$52.5 million and provided for an increase of 2.4% for local road maintenance, known as General Transportation Aids (GTA) to counties and municipalities. (We also described this change in the Transportation section above).

- Transit services – Joint Finance approved a boost of \$5.3 million for transit system operations, although they OK'd the governor's plan to shift transit service funding out of the Transportation Fund and move it to the General Fund, where transit will have to compete for even more scarce dollars.
- Public library aid – the committee made no change in funding for public libraries. They approved a motion to undertake a study of public library systems and funding.
- Foster care –The committee voted to increase kinship foster care rates by 2.5% in 2014 and 2.5% in 2015 and made a number of changes to state law to take a more aggressive approach toward adoption of children in foster care.
- Children and Family Aids –and federal funding of aid to counties to provide services related to child abuse and neglect and to unborn child abuse, including prevention, investigation and treatment services. Base funding is \$67,071,200. The committee OK'd the governor's recommendation to cut \$1.2 million in this aid program to reflect cuts mandated under the federal sequester.

It is important to note that the committee not provide any increase in the main source of state aid to localities, known as Shared Revenue, which was cut in the 2011.

Income Maintenance and Food Share

Since the 2011 budget, there has been a lot of change in the area of the structure and funding of county human services operations, specifically in the area of MA and FoodShare eligibility determinations and case management. In 2011, the state created IM multi-county "consortia". This has created much upheaval for counties as well as human services staff represented by AFSCME, especially those in Milwaukee County. There has great been concern about funding (allocations) for the IM consortia over the last couple of years.

This budget creates a new allocation methodology for the IM consortia. The governor had recommended moving to a methodology based on a consortia's total "risk-adjusted risk caseload basis". An amendment to the budget changes that to "a method determined by the Department" (DHS), which must take into account income and acuity of clients. It also specifies that, starting in 2014, each consortia would receive a base funding level that is no less than 75% of the total GPR allocation that counties in the consortia receive in calendar year 2011.

The budget creates a rule that requires able bodied adults without children to work an average of 20 hours a week to receive Food Share benefits. Democrats blasted the move as "mean spirited", saying it will kick people off food stamps, cost \$16 million to administer and fails to capture \$72 million in federal money that Wisconsin is eligible for.

AB 40 also creates an "Office of Inspector General" to oversee economic support, child care, child welfare and other services administered by the Department of Children and Families, including the Bureau of Milwaukee Child Welfare. It is unclear what the duties of this office would be compared to the duties of DHS.

Family Child Care Providers (Wisconsin Shares)

Child care providers have been advocating for an increase in reimbursement rates for the care they provide to children whose families qualify for child care subsidies under the Wisconsin Shares program. The budget establishes broad authority for the state Department of Children and Families to decide on reimbursement rates. The budget amendment approved by Joint Finance provides no increase in base reimbursement rates, and in fact cuts rates for providers in the Level 2 category. Providers had sought additional money for micro grants and technical assistance, but this was not part of the amendment.

State Employee Compensation

This budget, like all state budgets, sets aside funding for increased cost of state employee salaries and fringe benefits in the Compensation Reserves. The funds are typically not allocated at the time the budgets are presented because salary and fringe benefit decisions are not known. In February, when the budget was unveiled, there was some talk about

giving state employees a modest pay raise. It's unknown if that is still in the works, given that the pay raises seen so far have fallen under what is known as "Discretionary Merit Compensation".

UW Employee Pay Plan

The Joint Committee on Finance amended the Governor's budget bill to delay the effective date of the proposed UW-Madison HR Design and the UW System University Personnel System. This action changes the implementation date of the new personnel system to July 1, 2015 (a two-year delay).

WERC

The committee embraced the governor's plan to cut staff and funding of the Wisconsin Employment Relations Commission (WERC) and change its status from being an independent commission to being a subdivision of a separate agency headed by an appointee of Governor Walker.

Currently, the WERC has the authority to have 25.5 positions, including 21 full time attorneys, but there are 8.5 vacancies among those attorney jobs. AB 40 reduces the number of WERC attorneys by 8 (to 13). The Legislative Fiscal Bureau had suggested that based on current trends, only 6 attorney positions should be eliminated. That point was disregarded by the 12 Republican members of Joint Finance. The four Democrats had argued against the 'restructuring' of the WERC.

Walker's treatment of the WERC in his budget bill has received little attention. It will undermine what remains of collective bargaining rights of thousands of public employees. The WERC also serves as the body that handles administrative appeals for reviewing personnel actions relating to the state's civil service laws.

State employee benefits and a new role of OSER in county government personnel matters

The Joint Finance Committee approved the governor's proposal to charge state employees who smoke an additional \$50 more per month for health insurance.

The committee also ordered that, as of January 1, 2015, the Group Insurance Board (GIB) must offer to all state employees the option of selecting a high deductible health insurance plan with an associated health savings account. The budget indicates that, if necessary, the state would be required to make contributions to each participant's HSA. Before 2015, the state would have to work with an actuary to design the plan, and an amendment by Joint Finance requires that the actuary recommend ways to make the plan 'more cost effective'. The amendment requires the director of OSER and the secretary of ETF to study the feasibility and cost effectiveness of providing health reimbursement accounts compared to HSAs and deliver their findings by January 31 of 2014.

Another Joint Finance amendment orders a study of the feasibility of excluding from state employee health insurance coverage a spouse or domestic partner who has health insurance available through his or her employer. It will evaluate whether to establish a \$2,000 incentive payment for state employees who option not to take health insurance. The amendment does not include dependents, only spouses or domestic partners. The study would cost \$75,000 GPR.

It is important to point out under this section that, so far, there has been no vote or proposal to change the sick leave conversion program or to alter WRS pensions, other than the changes for rehired annuitants (see below).

Turning to the operations of the Office of State Employment Relations, the budget bill authorizes OSER to provide "personnel services" to local units of government (the budget bill calls them "non-state government units"). This authority includes conducting exams to assess the qualifications of applicants for county jobs, specifically for social services income maintenance specialists who manage public assistance programs such as Medical Assistance and Foodshare benefits. In addition, OSER is now authorized to conduct exams for deputy sheriff positions filled by appointment of sheriffs (in counties other than Milwaukee County) upon request of a county board. This is a major departure and could have far-reaching effects on these specific county employees.

The governor's budget also provides two new policy analyst positions in OSER. One is to assist OSER with employment relations issues and it is unclear what the duties would be. The other position is connected with the proposal to "coordinate" state employee benefits. This would be an unclassified position appointed by the OSER director. According to the budget documents, the duties would involve benefits planning and working with ETF and GIB.

The governor's budget as amended by Joint Finance spends \$350,000 and creates 3 new unclassified staff positions to serve as "directors of regional intergovernmental affairs offices" which would be attached to the Wisconsin Department of Administration, headed by Walker's top aide, Mike Huebsch.

Collective bargaining changes

Sen. Jennifer Shilling (D-LaCrosse) offered a motion to allow state corrections to bargain on issues relating to workplace safety. The motion failed 4-12.

A motion adopted by the committee is intended to "clarify" a bargaining prohibition under Act 10 for public safety employees. The motion specifies that all costs and payments associated with health care plans, such as copays and deductibles, for public safety employees are prohibited subjects of bargaining.

This motion does not change the right of public safety workers to bargain over health insurance premiums.

The Wisconsin Retirement System (Employee Trust Funds)

Neither the governor nor the Joint Finance Committee has proposed any significant changes to retirement benefits under the Wisconsin Retirement System. Keep in mind that the legislature has not finished its work on the budget and we remain watchful for any proposal to diminish retirement benefits.

The committee approved and expanded the governor's proposal to stop the practice of so-called "double dipping". They took three separate votes on this minor part of the budget. Here's the upshot:

- The break in service is expanded from 30 days (current law) to 75 days
- If a retiree returns to work for a WRS covered employer and works two-thirds of full-time employment, the retiree's pension check is suspended until the retiree leaves the job.
- ETF is directed to promulgate emergency rules relating to the new rules for rehired annuitants
- The new law does not apply to currently working retirees but only to those who retire and return to work as employees once the budget becomes law

The last tidbit under the WRS/ETF portion of the budget relates to funding for employee benefit actuarial studies. The governor had recommended setting aside \$15,000 for actuarial studies but the committee doubled that amount (\$30,000). The budget is silent on what studies might be funded with this money. AFSCME will be watching this.

Veterans homes

The committee approved the governor's plan to provide an additional 111 new staff positions at the Veterans Home at King in Waupaca County and 40 new positions at the Veterans Home at Union Grove. The budget bill creates a new admission priority system, based on how long a veteran has been a Wisconsin resident.

Finally, a committee amendment calls for the creation of a multi-agency state task force to provide recommendations to the governor and legislature relating to the future operation of veterans homes. It spells out who is to serve on the task force, which would be headed by the Secretary of the Department of Veterans Affairs, and to address the following issues: (a) the hiring of an operational manager that would have management responsibilities for the King, Union Grove and Chippewa Falls campuses; (b) the expansion of skilled nursing facilities operated by the DVA; (c) the use of property on these sites for the state's "Challenge Academy"; (d) the expansion of veterans cemeteries; (e) the expansion of the

state Department of Administration's authority to develop and implement proposals for the future development of the sites; and (g) any other proposals the task force wishes to address. The report is due July 1, 2014.

State Corrections Department

The governor's budget proposed to reduce the DOC budget by \$26 million over the two-year period but to keep authority to hire correctional staff as needed, especially to deal with overtime. The committee rejected this approach and eliminated a total of 72 positions.

In addition, the governor had sought to create an Office of Inspector General with 13 new staff positions to "improve internal operations and eliminate waste fraud and abuse". The committee put this plan on hold until the department provides more information on the duties and purpose for the office. Likewise, the committee held off on increasing staff for information technology in the department.

AB 40 had recommended 8 new staff and more funding for GPS monitoring activity by the DOC. Joint Finance added 4.5 more positions and additional funding to enhance the agency's ability to monitor offenders. However, it did not approve the plan to spend money to carry out GPS monitoring of OWI offenders. The body also asked for a Joint Legislative Council study committee to look into the "effective and efficient use of GPS and electronic monitoring technology for correctional purposes."

In the area of juvenile corrections, the governor proposed cutting five vacant positions. The committee cut 9 total position vacancies, against the department's recommendation to keep the position authority to address potential increases in the offender population at Lincoln Hills/Copper Lake Schools. AFSCME members may remember that two years ago, Scott Walker shut down two of the state's three juvenile correctional schools and as a result, juvenile offenders who are ordered to be incarcerated are now sent to Lincoln County.

During the discussion of corrections, Sen. Shilling offered two motions- one would have allowed corrections workers to bargain over workplace safety matters. That failed. The second motion would have required the DOC to submit an annual report to the legislature on the number of staff assaults in state correctional facilities. That motion failed 4-12, with all 12 Republicans voting against it.

Attacking Wisconsin's Cost Benefit Analysis (CBA) law

The governor's original budget would have weakened Wisconsin's CBA law. Here is a list of exceptions to the law:

- Any service contract estimated to be \$50,000 or less
- Services that state or federal law requires to be performed by contract
- Services that must be provided under contract, license or warranty
- Services that cannot be performed by state employees because the state lacks the required infrastructure
- Web-based software application services offered remotely
- DOT engineering services

Unemployment Insurance benefits made harder to get

The Joint Finance Committee voted 12-4 to insert into the budget an amendment that changes unemployment benefits and employer taxes that fund the unemployment insurance benefit program. It was introduced without being fully vetted by the long-standing Unemployment Insurance Advisory Council, (UIAC) which was set up decades ago to work out any changes in benefits or the UI taxes. Until 2011, any recommendation of the Council was treated as sacred and not changed by lawmakers. The UIAC is made up of labor and management representatives who understand the complexity of unemployment laws and procedures.

In 2011, the legislature gave its first signal that it would make UI changes without seeking input from the UIAC when it passed a law creating a "one week waiting period" before an individual could collect benefits. A few weeks ago, Joint

Finance amended UI law to require claimants to carry out four, instead of two, work searches per week to qualify for unemployment insurance.

This week the committee adopted a number of major changes to the UI program, including:

- A change in the definition of misconduct, making it harder for people to qualify for benefits
- Making it harder for fired workers to receive benefits if they were terminated for “substantial fault”, which would include innocent mistakes or situations where others are largely responsible for problems at a job
- Preventing people from collecting benefits on state or federal holidays
- Preventing people from collecting benefits if they quit a job to move if their spouse has to relocate for a job, unless the spouse works for the military
- Creating different tax rates on businesses based on their experience laying off workers, which pits large employers against small businesses;
- Tapping state tax dollars to supplement the unemployment fund, which has been in a deficit due to the economic recession and due to the fact that rates haven’t been increased in many years. This provision will cost taxpayers some \$26 million over the next two years. It is an historic departure from using employer taxes to fund the program.

On a related track, there is separate legislation under consideration at the Capitol to change UI system. AFSCME, the AFL-CIO and other labor unions are working to protect unemployment benefits for workers and to preserve the long-standing system for ironing out labor- management concerns about the complex unemployment law.

Public employee residency requirements

Governor Walker’s bill would prohibit cities, towns, villages, counties and school districts from requiring that employees reside within their jurisdiction. The Joint Finance Committee changed the proposal. Their action bars localities from imposing residency requirements, but it does allow a local government to impose a requirement that police, fire or emergency personnel must reside within 15 miles of the jurisdictional boundaries and it allows counties to require that police, fire or emergency personnel employed by the county live within 15 miles of the boundaries of the municipality to which they are assigned.

It may be confusing for workers and management to figure out which groups of workers are considered “emergency personnel” because the budget amendment does not define it, leaving the decisions up to local units of governments, according to a source at the Legislative Fiscal Bureau.

Study merger of DATCP and DSPS

The committee voted for an amendment that would require DOA to study a merger of the Department of Agriculture Trade and Consumer Protection and the Department of Safety and Professional Services into a single state agency, to be called the Department of Agriculture, Trade and Regulation. The DOA report would include a list of recommendations on the merger and legislation to implement those regulations.

Sen. Sheila Harsdorf, R-River Falls, joined the four Democrats in voting against the amendment, stating that she couldn’t support the idea because it would diminish the role of agriculture in the state. Another Republican on the committee argued that the study will show ways to reduce costs and ‘cut the size of government’.

Local services paid for with property taxes versus fees: local governments now must choose

Currently, local governments have limited authority to impose fees instead of taxes or to accept payments in lieu of taxes (PILT) to generate revenue for specific activities. The committee voted for a motion to limit this authority. The amendment requires that if a local government would decide to impose fees or payments to pay for a service, such as garbage collection, which had been funded with property taxes, then the local government would have to make a corresponding reduction in the property tax levy.

Stewardship and sale of DNR-owned land

The Joint Finance Committee voted 12-4 to scale back the Knowles/Nelson Stewardship Program, Wisconsin's land conservation program, from \$60 million a year to \$47.5 million in 2014 and \$54.5 million in 2015. In addition, the committee ordered DNR to put at least 10,000 acres of land up for sale by June of 2017. The amendment did not specify if this is intended to be a no-bid sale of the land. This unexpected action to curb the Stewardship program was surprising to many in the conservation community. In fact, even Governor Walker announced that he disagreed with the cuts to the popular program.

High capacity well approvals and Wisconsin's water resources

Joint Finance Committee inserted an amendment to the budget to prohibit challenges to high-capacity well permits based on the well's cumulative environmental impacts, which means that when these wells are located in populous areas they can draw down groundwater levels, affecting neighbors' wells and the water levels of lakes and rivers. The committee's actions will prohibit the ability of property owners to ensure they have an adequate water supply.

Auditing the Government Accountability Board (GAB)

Sen. Mary Lazich (R-New Berlin) persuaded the committee to approve an amendment requiring the nonpartisan Legislative Audit Bureau to conduct a full audit of the Government Accountability Board. The GOP has been dogging the GAB since the recalls of 2011 and 2012 and has accused the Board of wrongdoing. The audit is part of a larger effort to challenge Wisconsin's electoral process, voting rights. While the Joint Finance Committee was in the thick of making historic decisions on school aids and income tax cuts, lawmakers held public hearings on comprehensive electoral and voting changes. Rep. Jeff Stone and Sen. Mary Lazich are the lead authors of legislation that has drawn much criticism.

Committee rejects Walker's plan to relax rent-to-own lending practices

Under the governor's budget, rent-to-own companies would not be subject to the Wisconsin Consumer Act, which means they would no longer need to reveal the total purchase price of an item or the purchase amount financed. A rent-to-own company also would not have to reveal the interest rate for the purchase. The Joint Finance Committee voted 10-6 to remove the rent-to-own proposal from the budget.

Selling state assets

Republicans on the Joint Finance Committee voted 12-4 to allow Scott Walker to sell a long list of state properties without competitive bids. The committee added a few minor provisos, such as barring the sale of property funded with at least 50% federal funds, gifts or grants, and requiring Joint Finance review before sales could occur. Before any property could be sold, the state would have to provide an estimated value and perform a cost benefit analysis. State owned power and heating plants, university campuses, residence halls, parks, prisons, state highways, to name a few, could be sold without bids, when the budget becomes law.

The embattled Wisconsin Economic Development Corporation (WEDC) gets funding in spite of illegal activity

In spite of terrible press and damaging independent audit of the WEDC, the Joint Finance Committee approved an increase in funding by at least \$7.5 million for WEDC operations and marketing. Republicans on the committee put the money on hold until WEDC submits plans for how it will use the money. During the committee's actions on the WEDC portion of the budget, Sen. Jennifer Shilling told fellow committee members that "I think one of the first things is if we're going to look at corrective action, we need to be able to move past the denial stage and look at acceptance," Shilling said. "Because I think some folks are still in denial."

The Joint Finance Committee's final omnibus motion: a mixed bag of bad ideas

In the middle of the night of the final day of the six weeks of intensive budget deliberations, the Joint Finance Committee did a "wrap up" amendment. Here is a list of some proposals included in the omnibus wrap up budget motion:

- A tax break for parents who send their children to private schools, costing state taxpayers \$30 million in 2014
- Barring "The Center for Investigative Journalism" from leasing or using UW facilities and UW employees would be barred from working for the Center
- Legalizing bail bonds (bounty hunters), which have been illegal in Wisconsin since 1979, in Dane, Kenosha, Milwaukee, Racine and Waukesha counties and statewide after five years
- Ordering the elimination of 450 executive branch staff positions. The amendment offered little information about how this would be carried out
- Earmarking \$2 million of WEDC funds for an aircraft maintenance and repair company grant
- Creating a new definition for "default" for a payday loan that would allow payday lenders to collect after a debt is outstanding for 10 days, rather than the 40 days, under current law
- Repealing the law that prohibits cable companies from disconnecting a subscriber's service for failure to pay a bill until the bill is at least 45 days old, which means there is no restriction on when cable companies can cut off service

Conclusion

This report touches on some of the big issues in the budget as well as issues of concern to unions and working people. There is much more in AB 40. It's not too late in the budget review process to let your legislators know your concerns and thoughts about how the Joint Finance Committee made the governor's budget bill even worse for the people of Wisconsin.

AFSCME members who have comments or questions should contact Susan McMurray at smcmurray@wiafscme.org. For more information, contact AFSCME at 608-836-6666. ###