

WISCONSIN POLICY UPDATE: STATE AND LOCAL IMPACTS



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Public Policy Forum Mission

- ❑ Established in 1913 as a good government watchdog, the Public Policy Forum is a nonpartisan, independent government research organization that focuses on a broad range of public policy issues.
- ❑ We seek, discover and disclose true and accurate information to enhance the effectiveness of government and public policy in southeastern Wisconsin, the state and the nation; and we facilitate public policy discussion and action.

Act 10 – Wisconsin Budget Repair Bill

- ❑ Pension contributions: Employees covered under the Wisconsin Retirement System (WRS) and City and County of Milwaukee retirement systems must contribute 50% of the annual required contribution. For WRS employees, that amounts to 5.8% of salary in 2011.
- ❑ Health insurance contributions: State employees must pay at least 12.6% of the average cost of annual premiums, and local employers who participate in the state plan prohibited from paying more than 88% of the lowest cost plan.

Act 10 – Wisconsin Budget Repair Bill

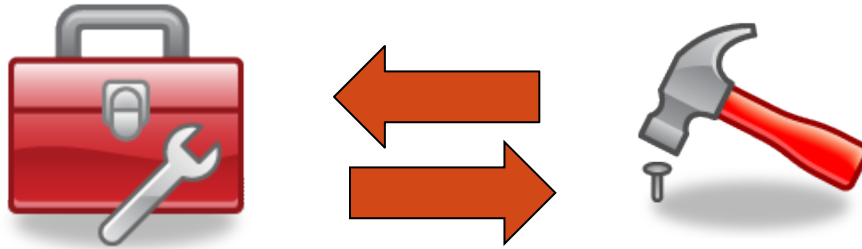
- ❑ Collective Bargaining: Limited to wages for most public employees. Total wage increases cannot exceed CPI unless approved by referendum. Labor contracts limited to one year.
- ❑ Collective bargaining units: Annual votes required to maintain certification. Employers prohibited from collecting union dues and members not required to pay dues. Changes take effect upon expiration of existing contracts.
- ❑ Exemptions: State/local law enforcement and fire employees exempt from collective bargaining changes. Exception is health care plan design.

2011-2013 Wisconsin State Budget

- ❑ Shared revenue: Shared revenue program cut by \$77 million from 2011 to 2012, or 9%. Municipalities cut by \$47.7 million, counties by \$29.1 million. Cuts distributed per formula based largely on population and property values.
- ❑ Property tax levy limits: Property tax levy increases for local governments capped at the greater of 0% or the percentage increase in new construction. The previous cap was 3%.
- ❑ Other local government cuts: General Transportation Aids (6%); Mass Transit Assistance (10%); Medicaid programs (?); Youth Aids (10%); Circuit Court Support (10%).

BRB vs. Budget for Local Govts

- ❑ *Immediate question: Will the BRB “tools” offset the “hammer” of state budget cuts and levy limits?*





- ❑ Or, expressed mathematically:

2011-13 State Budget \geq BRB?

BRB vs. Budget for Local Govts

- ❑ Answer to that question depends on:
 - Degree of reliance on shared revenue & other state aids
 - Status of existing labor agreements
 - Status of existing health care plan design/employee contributions
 - Value of other “employee handbook” changes
 - Number of law enforcement/fire personnel
 - Whether a county or municipality
- ❑ *Long-term question: Will utility of BRB “tools” offset impacts of flat/reduced state aids and permanent levy caps.*

A Tale of Two Governments

- ❑ **Milwaukee County:** \$28.7 million reduction in state revenues in 2012, \$7.3 million of BRB savings. 
- ❑ **City of Milwaukee:** \$14 million reduction in state revenues in 2012, \$25 million in BRB savings. 
- ❑ Why?
 - Milwaukee County already budgeted \$17 million of health care/pension savings in 2011.
 - City of Milwaukee had very low employee health contributions.
 - Counties much more reliant on state revenues than cities.
 - Shared revenue distribution formula benefited city, hurt county.

Budget/BRB Impacts on Schools

- ❑ State assistance to public school districts is the largest program expenditure in the WI state budget; almost 40% of general fund.
- ❑ School aids for 2011-12 cut 8.4% (\$399 million) w/varying impacts based on distribution formula, e.g. Pewaukee school district gains \$115,000 (11.3%), while Milwaukee Public Schools loses \$54.6 million (9.3%).
- ❑ School districts required to reduce by 5.5% the combined total revenue they can collect through local school property tax levies and general school aid from the state.

Budget/BRB Impacts on Schools

- ❑ Net impacts of BRB & budget differ by individual school district and near-term versus long-term.
- ❑ In Hartland-Lakeside district, flexibility to unilaterally change employee health provider produced substantial savings that exceeded the cut in state aid. At MPS, \$74 million cut led to 519 layoffs, including 354 teachers.
- ❑ In general, those districts that rely most heavily on state aid (i.e. poorest districts) are hardest hit.
- ❑ BRB gives districts other opportunities to save money and/or enhance teacher accountability, e.g. reduced sick leave, merit-based pay, changes to tenure rules.

Where We Stand Politically

- ❑ 9 senate recall elections held during summer (6 Republicans, 3 Democrats). Democrats picked up two seats, Senate now 17-16 in favor of Republicans.
- ❑ Democrats discussing possible effort to recall Governor Scott Walker; would require approx. 500,000 signatures to place a recall on the ballot in 2012.
- ❑ In the meantime, state legislative redistricting plan approved by Legislature & Governor appears to place many additional Republican seats in safe hands; plan being challenged by Democrats in court.