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AFSCME State Budget Alert

Republican Budget Cuts Public Services and Guts Collective Bargaining

On Tuesday the State Assembly took action on the 2007-09 state budget. In order to execute their “no tax, no fee increase” budget, the Republican majority drastically cut vital funding for local governments, state employee contracts and health care reform while carving up collective bargaining rights for public employees. Among the most glaring actions taken by Assembly Republicans:

Compensation Reserves – Cuts \$94 million from the funds for state employee wage and benefit packages.

Municipal Employment Relations Act (MERA) – Eliminates rights to bargain health insurance and privatization of public services, and places artificial caps on final offers sent to an arbitrator.

Shared Revenue – This vital aid to local governments is cut by nearly \$60 million

Pension Contributions – The employer contribution is shifted to the employee for all local public employees and all non-represented state employees.

Health Insurance – Eliminates health insurance as a subject of collective bargaining for state employees, and requires state employees to pay 10% of premiums.

Property Tax Freeze – Lowers the cap on local government revenue to between 0% and 2% depending on variables. (The Governor’s budget had a 4% levy cap).

Wisconsin Shares – Eliminates the bi-partisan agreement reached in the Joint Committee on Finance to increase funding for child care subsidies by \$70 million and implements harmful rule changes for providers like attendance based reporting.

A conference committee is being convened to hammer out the differences between the Senate and Assembly Budgets. The conference committee budget will ultimately be sent to the Governor. Attached to this alert is a more detailed analysis of many of the harmful changes Assembly Republicans made to the budget. Most of these changes would harm public employees and in many cases eliminate public services. **Now is the time to act** to prevent these changes from being passed by the state legislature. Contact your State Senator and State Representative today and tell them to...

Reject the anti-worker, anti-family, anti-public service, anti-Wisconsin budget passed by the Assembly. The Assembly Budget should be thrown out and not considered at the conference committee bargaining table.

Contact your legislator through the **Legislative Hotline at 1-800-362-9472** or find your legislator’s email and mailing address and direct toll free number at <http://waml.legis.state.wi.us/>



Summary of Items in the ARC Budget Package of interest to AFSCME Members:

The following list is not in any order of preference. We have sorted the budget provisions by category. The numbers are provided for easier reference when looking through the document.

The ARC Budget Undermines Funding and Collective Bargaining for State, County and Municipal Employees:

The ARC budget targets state workers:

1. Reduces the amount provided by the Governor for increases in the Compensation Reserves, which is set aside for state worker pay and benefit increases, by \$94 million (\$21 million in 2007-08 and \$74 million in 2008-09, leaving \$45 million and \$100 million, respectively, compensation adjustments).
2. Requires nonrepresented state workers to pay the first 5% of earnings for retirement benefit costs. Currently, the state is required to pay the first 5%. This would affect unclassified, classified as well as University employees.
3. Requires that state employees (except for those with protective status) pay 10% of the cost of state health insurance premiums, effective January 1, 2008. Currently, state workers pay about 6% of the cost of premiums.
4. Reduces the number of sick days for state employees from 16.25 to 6 days per year. The sick day loss does not apply to state workers in protected occupations. This would be a prohibited subject of bargaining.
5. Orders the state Dept. of Administration and the UW to convert to monthly payroll systems "as soon as practicable". This would be a prohibited subject of bargaining.
6. Eliminates the proposed change contained in the Governor's budget and adopted by the Joint Committee on Finance (JFC) and the State Senate to begin paying new state employee's health insurance costs after two months instead of six months.
7. Eliminates sick leave for state legislators, justices and judges, district attorneys and other state elected officials
8. Eliminates 81 total vacant GPR positions across all agencies.
9. Eliminates one project position and the state's share of the cost (\$128,000) of a Labor Management Cooperative Program under OSER.

The ARC budget targets county and municipal workers:

10. Requires county and municipal employees in the WRS that are covered under the Municipal Employment Relations Act (MERA) to pay the first 3% of earnings for retirement benefit costs. Currently, county and municipal employers are required to pay the first 3%.
11. Includes Assembly Bill 110, which would prohibit bargaining over the selection of health care plans if the employer offers to enroll its employees in either (a) a plan provided to local government employers offered by the Group Insurance Board (GIB), or (b) in a plan that is 'substantially similar' to the plan offered by the GIB.
12. Creates final offer limits under MERA, which would prohibit any final offer that is submitted to the WERC that exceeds the per employee cost of the previous year's plan.
13. Makes the contracting out of municipal services a permissive, rather than a mandatory, subject of bargaining, under a complicated cost benefit analysis process that disadvantages public workers.
14. Makes the sheriff's contracting out of food services to county jail inmates a prohibited subject of bargaining. This reverses the Brown County case that AFSCME recently won.
15. Allows municipalities with fewer than 5,000 people to use private contractors to provide weights and measures testing services. Current law requires entities to use municipal or state DATCP employees.

The ARC budget undermines unions and workers:

16. Incorporates "paycheck deception" which prohibits the use of salary paid to workers who may use it for campaign purposes.
17. Eliminates state GPR funding of the UW-Extension School for Workers and the UW Havens Center on the UW-Madison campus

The ARC Budget Cuts Funding for Public Services:

The ARC budget cuts Shared Revenue (aid to county and municipal governments for public services):

18. Deletes the Governor's recommended \$15 million increase in aid to counties and municipalities, which was funded with the increase in the real estate transfer fee.
19. Makes an additional cut of \$43 million in aid to counties and municipalities in 2008 and targets specific cuts for the cities of Milwaukee, Racine, Beloit and Superior.

The ARC Budget cuts spending on K-12 education:

20. Cuts (or reduces the increase in funding recommended by the Governor and the Joint Finance Committee) K-12 education by \$85 million. The ARC plan would provide \$150 million for K-12 schools, compared to \$235 million. Base funding for K-12 education is \$4.7 billion.

- 21 Rewards school districts for forcing teachers and school district employees to take reduced health care plans. It makes higher per pupil spending adjustments if employees make health care benefit concessions.
22. Eliminates the “chapter 220” school integration program by 2015, cutting funding for MPS

The ARC budget provides funding and authorizes the expansion of the privatization of public education:

23. Expands Milwaukee’s School Choice to all high schools in Milwaukee and establishes a new school choice program in Racine.

The ARC budget cuts funding for the University of Wisconsin System

24. Cuts more than \$100 million in the UW System
25. Eliminates 17 administrative positions in the UW System
26. Caps tuition increases at 4% per year through 2010-2011.
27. Cuts WHEG and other student financial aid programs

The ARC budget cuts funding for Wisconsin’s Technical College System:

28. Establishes a WTC levy limit of the value of new construction, but not less than zero percent
29. Cuts state dollars to WTC by \$14 million

The ARC budget cuts staffing, funding and programs in the Department of Corrections:

30. Eliminates 30 vacant positions in the Division of Juvenile Corrections
31. Deletes the provision requiring DOC to respond to the upcoming audit of the effect of providing juvenile court jurisdiction for 17 year olds (The audit is being done by the Legislative Audit Bureau and is expected in the fall of 2007)
32. Deletes the funding for 50 additional corrections staffing and overtime approved by the Joint Finance Committee in the DOC corrections package
33. Deletes the Governor’s proposed expansion of the community corrections alternative to revocations program
34. Deletes 40 unit manager positions
35. Deletes an additional 26 vacant positions in the adult system
36. Deletes the proposed expansion of the earned release program
37. Deletes the requirement that DOC provide identification cards to inmates who are released

38. Deletes the requirement for DOC to help offenders apply for food stamps
39. Deletes inmate pay for participating in education and program assignments
40. Deletes pay for involuntarily assigned inmates
41. Deletes funding for inmate postage and writing materials
42. Requires the DOC to solicit bids for contracting out department-wide inmate health care services
43. Cuts \$25 million in administrative funding at DOC
44. Creates a correctional officer and county jailer “right to know” if a prisoner has a communicable disease
45. Prohibits prisoners from initiating a John Doe proceeding under chapter 968 of the statutes.
46. Makes food service contracting decisions in county jails a prohibited subject of bargaining

The ARC budget, as it relates to health care services:

Privatization

47. Requires DHFS to issue a request for proposals to provide pharmacy services at Winnebago Mental Health Institute and the Wisconsin Resource Center. See also the requirement for DOC to issue an RFP for inmate health care services (item # 41)

Health Care Coverage

48. Rejects the Senate Democrats’ “Healthy Wisconsin” universal health care plan (and the payroll tax that would have funded it) crafted by the AFL-CIO and others.
49. Rejects Governor Doyle’s proposed expansion of health care services to working poor families under the “BadgerCare Plus” (BC+) initiative, which was part of the Governor’s plan to provide health care service to 98% of state residents. However, the ARC accepted the Governor’s proposed simplification and unification of Medical Assistance (MA) and BadgerCare services.
50. Creates a tax break for health savings accounts (HSAs) and corporate-sponsored wellness programs for employees.
51. Deletes funding increase for the well woman program

Governor’s Health Care Services’ Funding Sources Deleted

52. Deletes the proposed \$1.25 increase in the cigarette tax
53. Rejects the Governor’s proposed transfer of \$175 million from the Patients Compensation Fund, which was intended to fund, in part, MA provider reimbursement rate increases
54. Deletes the proposed hospital bed assessment, which would be used to capture federal dollars to magnify the state’s reimbursement to hospitals that serve MA and BadgerCare recipients

Medicaid (Medical Assistance) and MA provider reimbursement rates:

55. Deletes the Governor's proposed Health Care Quality Trust Fund, which was intended to create a stable source of revenue for rising Medical Assistance expenditures
56. Provides a 5% MA reimbursement rate increase for nursing homes, funded with general tax dollars (GPR) instead of bed tax-funded money
57. Rejects the Governor's proposed hospital bed tax that would have paid for increases in reimbursements to hospitals and, instead, provides GPR to increase reimbursements to hospitals that provide care to MA and BadgerCare recipients

Children and Families

58. Guts the Joint Finance Committee compromise on Wisconsin Shares, which provided an additional \$70 million child care subsidies. Restores DWD plans to implement cost-savings measures, including attendance based pay, which cut funding for child care providers.
59. Eliminates one-time funding of \$500,000 for an infant mortality project in Racine County.
60. Postpones the Joint Finance approved increase in foster care payment rates from 2008 to 2009.
61. cuts funding for domestic abuse grants
62. cuts a grant for a female offender integration program
63. Cuts the Governor's recommended increase for county child support enforcement efforts by \$150,000 GPR (and federal match of \$291,200). CSE efforts were crippled by the Federal Deficit Reduction Act signed by Pres. Bush in Feb 2007.
64. Requires county economic support workers to verify citizenship or legal status for those applying for assistance as a condition of eligibility.
65. Reduces funding for tobacco cessation program (funds were linked to cigarette tax increase)

Services to the Elderly and Disabled

66. Eliminates the proposed expansion of Family Care, including the modifications to Family Care that were approved by the Joint Finance Committee. Among those changes was the clarification of the continued eligibility under the WRS county social services staff whose jobs might be transferred to new Family Care providers.
67. Provides a 5% increase in reimbursement for nursing homes, funded with GPR rather than bed tax money.
68. Restores nearly 7 positions of 24 cut by Joint Finance for the state Centers for the Developmentally Disabled.

The ARC Budget Relating to Transportation Funding

69. Eliminates the Oil Company Assessment, cutting nearly \$250 million in revenue from the state's transportation fund
70. Increase the registration fees for heavy trucks by 15% rounded to the nearest whole number, generating \$40 million in new revenue over the Governor's budget
71. Increases vehicle title fee to \$38.50, generating \$25 million in revenue over the Governor's budget
72. Deletes the Governor's plan to transfer \$67 million of spending from the general fund into the transportation fund
73. Deletes the Governor's provision to transfer \$21 million to the nonpoint pollution fund from the transportation fund
74. Deletes \$69 million in payments to the general fund to cover debt payments
75. Establishes that beginning on July 1, 2009, sales taxes on vehicles and related products would be deposited in the transportation fund as opposed to the general fund. Because the effective date begins after the end of this biennium there is no impact in dollars to the transportation or general fund for this budget.
76. Places a statutory restriction on the use of the transportation fund in an attempt to prevent future transfers from the fund
77. Deletes 25 state employee positions created to do preliminary work on the Milwaukee Zoo Interchange
78. Deletes funding for preliminary engineering for a Kenosha-Racine-Milwaukee commuter rail service
79. Increases funding for State Highway Rehabilitation line by 4.9% in 2007-08 and 2.2% for 2008-09. The Governor's budget included 2% increases in each year of the biennium
80. Decreases bonding authority for major highway development by \$39 million, replacing the funding with transportation fund dollars.
81. Creates earmarks to move proposed projects up on the DOT list, including widening of Business HWY 51 in Marathon, STH 23 between STH 67 and USH 41, STH 13 in Colby, USH 14 in Oregon, Renaming USH 8 as Donald J. Schneider Highway and USH 14 as Ronald Reagan Memorial Highway.
82. Requires the use of Value Engineering for any project over \$5 million
83. Requires DOT to keep all DMV service centers in any municipality where one existed as of December 2006.

The ARC Budget Relating to Natural Resources

84. Deletes \$905 million in bonding authority for the state's Stewardship program
85. Delete \$272,000 from the endangered resources fund
86. Require that if available revenues are not enough to cover all agricultural wildlife program costs, funding for the control of wild animals would be eliminated prior to cuts from any other DNR related programs.
87. Reduce funding for Warden Radios by \$43,600 to purchase 205 new radios as opposed to JFC approved 215
88. Deletes funding of \$165,000 for additional LTE's for environmental enforcement activities
89. Deletes the requirement that anyone transporting a crossbow in a moving vehicle keep the crossbow unloaded and encased or beyond arm's reach
90. Deletes \$484,500 and 3 positions for operate new buildings and campgrounds in the state park and forest system
91. Increase the amount of money available for cost sharing grants to combat aquatic invasive species by \$3 million
92. Delete the \$3 per ton increase in the recycling tipping fee, cutting \$38 million in revenue from the budget
93. Eliminates \$33 million transfer from the recycling fund to the general fund
94. Deletes the \$0.35 increase per ton for the solid waste tipping fee, cutting \$3.7 million in revenue from the budget

The ARC Budget Relating to State Budget Management

95. GAAP accounting requirement: requires the state government to budget according to Generally Accepted Accounting Principles (GAAP) whenever Wisconsin has no budget deficit. GAAP accounting requires that entities budget for post employment benefits. AFSCME has concerns about the use of GAAP accounting to justify further attacks on retiree and active employee benefits.
96. Zero based budgeting: requires the state to designate one-fifth of all state agencies to submit agency budget requests using zero-based budgeting, which requires that agencies justify requests on the basis of cost, need and relation to the agency's statutory responsibilities.
97. General Fund projected lapse: Requires the Secretary of the Department of Administration to cut funding from all state agencies to generate an additional \$35 million per year
98. General Fund structural balance is eliminated This is the pot of money (\$65 million for each year of the current biennium) that is set aside to make sure the state always has enough revenues to cover expenses Without it, any unexpected shortfall in revenue or increase in expenditures will empty the state's bank account

The ARC as it relates to Campaigns and Elections

- 99. Requires a Voter identification to vote in elections
- 100. Limits the number of ballots that can be printed in the city of Milwaukee to no more than 200% of the ballots used a previous election at each polling location
- 101. Eliminates straight party voting in primary elections

The ARC Budget Relating to Property Taxes

- 102. Provides for a “0%” increase in county and municipal property tax levies, compared to the Governor’s 4%.
- 103. Limits the Homestead Property Tax Credit so that fewer people can qualify. Projected savings in this biennium: nearly \$80 million.
- 104. Cuts funding under the payments for municipal services appropriation for the City of Madison by \$5 million per year (\$10 million total)
- 105. Creates property tax exemptions for: restaurant equipment; modifies the Newark decision to benefit corporate interests, repeals the exemption for low-income housing

Other tax breaks include (not all are listed here)

- 106. Expands the tax deduction for college savings programs
- 107. Removes the \$15,000 cap on eligibility for the income tax break for retirement benefits for low-income seniors proposed by Governor Doyle. Phases in the exemption
- 108. Deletes the proposed implementation of the Streamlined Sales and Use Tax Agreement, which would make Wisconsin’s sales tax code conform to other states’ codes and bring in more sales tax revenue
- 109. Deletes the proposed tax on digital products, biotechnology , performing arts admissions.
- 110. Creates a sales tax exemption for temporary help agencies, coins, currency and bullion, nonprofit cemeteries and clay pigeons

Miscellaneous Provisions in ARC Budget

- 111. Courts: cuts \$19 million in funding for the circuit court system
- 112. Milwaukee Initiative: deletes additional funding for law enforcement efforts

This summary was written by Susan McMurray and John Grabel, AFSCME lobbyists, and based on information provided in the nonpartisan Legislative Fiscal Bureau’s summary of the Assembly Republican caucus budget.