

Gov. Evers: Evers signs 2023-25 biennial budget making historic investments in communities, expanding affordable housing statewide, addressing PFAS

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***“Imperfect and Incomplete”*: Gov. Evers gives Legislature “second chance” to complete work on the biennial budget, meaningfully address state workforce and child care industry challenges**

Gov. Evers enacts budget with over 50 line-item vetoes to provide child care and housing grants, target tax relief to working families, among others

MADISON— Gov. Tony Evers today enacted the 2023-25 biennial budget with improvements by using his broad, constitutional veto authority, providing a historic increase in support to local communities for the first time in a decade, investing more than \$1 billion in public education, making one of the largest state investments in workforce housing, investing in infrastructure, supporting Wisconsin farmers, providing tax relief to working families, among several other critical priorities.

In doing so, Gov. Evers today also gave the Legislature a “second chance” to complete its work on the biennial budget, calling the Legislature’s final budget that was sent back to the governor “imperfect and incomplete” for failing to meaningfully address the state’s ongoing workforce challenges, including an impending fiscal cliff for the state’s child care industry, even as the state has the largest surplus in state history.

Highlights of the 2023-25 biennial budget and Gov. Evers' line-item vetoes are provided below. Excerpts from Gov. Evers' veto message:

"We have gotten to work these last four years making smart, strategic investments—and our economy shows it. So, we began this biennial budget process with historic opportunity, and with it, historic responsibility—not to be careless or reckless, but to save where we can and stay well within our means while still investing in needs that have long been neglected to protect the future we are working hard to build together.

...

"In addition to the critical efforts to expand access to affordable housing statewide, address PFAS in our water, and make historic investments in communities across our state, I am also pleased this budget provides substantial and well-deserved increases in compensation for correctional officers, youth counselors, psychiatric care technicians, assistant district attorneys, and public defenders; uses our surplus funds to support our Capital Budget to reduce the need to authorize new bonding and future debt service costs; provides sizeable investments in tourism marketing and advertising initiatives; and includes the resources necessary to continue our work fixing our roads and making sure our infrastructure is built for a workforce and economy of the 21st century.

"But even as I am glad the Legislature joined me in making critical investments in several key areas, the fact remains that this budget, while now improved through strategic vetoes, remains imperfect and incomplete.

...

"In many ways, Republicans in the Legislature have failed to meet this historic moment, sending my budget back to my desk absent critical investments in key areas that they know—and publicly acknowledge—are essential to the success of our state, all while providing no real justification, substantive debate, or any meaningful alternative. That decision is, to put it simply, an abdication of duty.

"State funding for high-speed broadband. Affordable and accessible child care. Substantial categorical aid increases for our schools. Fully funded universal school breakfasts and lunches. Investing in our University of Wisconsin and Wisconsin Technical College Systems. Targeted tax relief for caregivers, parents, seniors, and veterans and their spouses. BadgerCare expansion. Expanded paid family leave. Legalizing and taxing marijuana much

like alcohol. Investments in community-driven solutions to our workforce challenges. These aren't controversial concepts; my budgets have always been about pragmatism and solutions, not wish lists or politics, from the beginning.

"I understand that, in light of these short-sighted decisions, there are those who would have me veto this budget in its entirety—to send the Legislature back to the drawing board to start from scratch. Vetoing this budget in full would mean abandoning priorities and ideas that I have spent four years advocating for; it would mean leaving schools and communities in the lurch after rightfully securing historic increases for the first time in years; it would mean forgoing the first real and substantive Republican effort to address PFAS after years of inaction; it would mean forfeiting the one of the largest investments in workforce housing in state history; it would mean deserting our justice system and state workforces, our tourism industries, our farmers and producers, and our veterans, among others.

"While Republicans in the Legislature might be perfectly comfortable abdicating the duty we share with the historic opportunity and responsibility before us in pursuit of political favor and partisan praise, I am not.

"My allegiance has been and always will be to the people of this state—Wisconsinites to whom I have pledged to always try do the right thing and to make difficult decisions when it matters most. That pledge and my obligation as Governor are why I am enacting this budget with substantial improvements today.

...

"Of urgent concern to me as governor is that while this budget makes some critical investments to help support some portions of our state's workforce, Republicans returned this budget to me without critical components of my comprehensive plan to address the workforce challenges that have already plagued our state for generations and will continue to without further action.

"The Legislature must make the substantial investments necessary to stabilize our state's child care industry and ensure child care is affordable and accessible so we can keep parents in our workforce. Failing to do so will cause calamitous consequences for employers, our workforce, and our state's economy. And, yes, that means the Legislature should also expand paid family leave, invest state resources in high-speed internet, provide targeted support for new, innovative, and high-need areas and industries across our workforce, and make substantial investments in education at every level, including our higher education institutions. These efforts, among other key provisions I included in my

proposed biennial budget, are essential for maintaining our economic momentum and retaining and recruiting talented workers across our state.

“So, today, I am giving the Legislature a second chance. I am using my broad, constitutional veto authority to ensure ample state resources are readily available for the Legislature to complete their work on this budget—to do the right thing, to rise to meet this moment of historic opportunity and responsibility, and to focus on passing real solutions for the urgent challenges facing our state.”

HIGHLIGHTS FROM THE 2023-25 BIENNIAL BUDGET

A Generational Increase in Shared Revenue for Local Communities

This budget provides a \$275 million boost in state aid to localities by funding the supplemental county and municipal aid program created by [2023 Wisconsin Act 12](#). Act 12, a historic, bipartisan compromise, addresses the dire need for increased shared revenue and funding for local emergency services. This momentous investment in local communities across Wisconsin includes a \$68 million increase in aid for counties and a \$207 million increase in aid for municipalities in fiscal year 2024-2025, representing a 36 percent increase over current county and municipal aid entitlements.

Act 12 also provides additional aid to counties and municipalities in fiscal year 2025-26 and beyond by linking both current and supplemental county and municipal aid to the growth rate in the state sales tax and seeks to incentivize local governments to provide the most efficient and cost-effective ways to deliver county and municipal services by providing up to \$300 million in innovation grants.

The budget also provides \$173.8 million in aid payments to local governments to hold them harmless from Act 12's repeal of the burdensome personal property tax.

Investing in What's Best for Kids

The budget, as returned by Republicans in the Legislature, falls well short of Gov. Evers' proposed biennial budget's level of spending for K-12 schools. Nevertheless, the 2023-25 budget as enacted builds upon Gov. Evers' historic progress toward fully funding public schools by providing an overall increase of nearly \$1.2 billion in spendable authority for public school districts. This increase will be more than ten times larger than the increase in spendable authority for public school districts in the 2021-23 biennium. The governor's vetoes also ensure our school districts have predictable, long-term revenue limit spending authority increases to help meet rising costs for the foreseeable future.

The 2023-25 biennial budget increases the level of state support from 67.8 percent in fiscal year 2022-23 to an estimated 68.8 percent in fiscal year 2023-24 and 69.4 percent in fiscal year 2024-25. These will be the highest levels of state support for school districts since the calculation was initiated in fiscal year 1996-97 under the state's former "two-thirds" funding goal.

This increase is also generated by a \$325 per pupil increase on revenue limits in each fiscal year, in addition to an increase in the low revenue ceiling from \$10,000 to \$11,000 per pupil in the first year of the biennium. This is the largest increase in statewide revenue limit authority since revenue limits were first imposed on K-12 schools in 1993-94, and it is permanent and base-building.

Further, these record-high per pupil revenue limit increases also have the potential to take the burden off community members when it comes to school funding, as it alleviates the need for districts to seek operating referenda. Additionally, estimates show that more than half of the state's 421 school districts would be able to use the low revenue ceiling increase in fiscal year 2024-25, meaning that countless students across the state will be able to attend schools that can better provide the staff, facilities, and resources they need to succeed.

This budget also:

- Provides \$97 million GPR over the biennium to achieve a special education reimbursement rate of 33.3 percent each year, which is the highest reimbursement rate our state has seen in over 20 years;
- Invests \$4.6 million GPR over the biennium for high-cost special education aid, increasing the reimbursement rate of these programs from its current 39.5 percent to 50 percent by the end of the biennium. This aid helps school districts pay a portion of their eligible special education costs for pupils with specific and elevated educational needs;
- Sets aside \$50 million to improve reading and literacy outcomes for K-12 students; and
- Provides \$30 million to continue support for school-based mental health services modeled on the governor's successful "Get Kids Ahead" Initiative.

Expanding Access to Affordable Housing

Access to safe, reliable, and affordable housing is a critical part of helping address the workforce challenges facing our state. For years, Gov. Evers has proposed robust provisions and investments in expanding access to housing statewide, including in his 2023-25 proposed budget. The governor was glad to have the Legislature join him in supporting this critical effort. The 2023-25 biennial budget provides one of the largest state investments in workforce housing—\$525 million—in state history, including:

- \$50 million in one-time funds to the Wisconsin Housing and Economic Development Authority (WHEDA), which, as a result of a partial veto, can be used to support a housing rehabilitation program to offer grants or forgivable loans to low- to moderate-income households to renovate or repair their current home and address hazards like lead and mold;
- \$275 million in one-time funds for the newly created Residential Housing Infrastructure Revolving Loan Fund at WHEDA to provide low-interest loans that support the creation of new affordable and senior housing;
- \$100 million in one-time dollars to fund the newly created Main Street Housing Rehabilitation Revolving Loan fund at WHEDA to provide low-interest loans to improve rental workforce housing on the second or third floor of existing buildings;
- \$100 million in one-time funding for the newly created Commercial-to-Housing Conversion Revolving Loan Fund at WHEDA to provide loans for the conversion of vacant commercial buildings to new residential developments of workforce or senior housing; and
- Increasing the limit on notes and bonds that WHEDA can issue that are secured by a capital reserve fund from \$800 million to \$1 billion to continue to finance projects supported with an allocation of state and federal housing tax credits.

Building 21st-Century Infrastructure

Gov. Evers has made fixing our roads and bridges and making sure our state's infrastructure can meet the needs of a 21st-century workforce and a 21st-century economy. Since taking office, Gov. Evers and his administration have improved over 5,800 miles of roads and nearly 1,600 bridges. The 2023-25 biennial budget ensures we can continue building upon those efforts by making several key investments in Wisconsin's roads. This budget:

- Invests \$555.5 million to fund transportation projects underway or under development, reducing future transportation fund debt service payments and saving Wisconsin

taxpayers money.

- Provides a 2 percent increase in general transportation aids (GTAs) for municipalities and counties in both calendar year 2024 and calendar year 2025. GTAs provide critical support for local Wisconsin communities, helping local governments pay for road construction, maintenance, and traffic operations. The investments in the 2023-25 state budget result in the largest amount of funding for the program in the state's history.
- Provides additional, one-time funding for local roads through two programs in this budget, including:
 - \$100 million for the Local Roads Improvement Program (LRIP) in FY24. LRIP assists local communities in paying for up to 50 percent of local projects that improve deteriorating county highways, town roads, and city and village streets, and this \$100 million supplement to the program will enable more local communities to complete more critical projects.
 - \$150 million to fund the new Agricultural Road Improvement Program (ARIP) created by Gov. Evers signing [2023 Wisconsin Act 13](#). ARIP will enable local communities to make targeted investments in eligible projects that support agriculture that would likely otherwise not receive funding from other state aid programs.
- Provides bonding authority and funding levels adequate to keep high-priority projects on schedule, including the Blatnik Bridge replacement project in Superior in partnership with the Minnesota Department of Transportation, the replacement of the I-94/90/39 bridges over the Wisconsin River, and the expansions of I-41 in the Fox River Valley, I-43 in Southeast Wisconsin, and I-94 in the city of Milwaukee; and
- Provides a 2 percent increase in mass transit aids to assist local transit systems, as well as a 4 percent increase in paratransit aids, and increases funding for specialized transit aids for seniors and people with disabilities.

Ensuring Access to Safe, Clean Drinking Water

Every Wisconsinite deserves access to clean, safe water—free of lead, PFAS, and other contaminants that have long been known to harm our kids, families, farmers, communities, and industries across our state.

This budget builds on the governor's work over the past four years to ensure Wisconsinites have access to clean water and includes one of the first real and meaningful investments by

Republican legislators to address PFAS contamination statewide. This budget provides:

- \$125 million to address and prevent PFAS contamination statewide.
- \$1 million to help private well owners clean up or replace contaminated wells.
- \$4 million for the Urban Nonpoint and Municipal Flood Control Program.
- \$6.5 million for grants under the Targeted Runoff Management Program.

This budget also makes several investments in projects across the state that support the conservation and preservation of our state's vast and valuable natural resources, including:

- More than \$5.6 million for state forests, parks, and riverway roads maintenance and development.
- Increased funding for urban forestry grants by \$350,000 over the biennium.
- \$400,000 for county forest administrator grants and \$100,000 for county sustainable forestry grants.

Supporting Wisconsin Farmers and Agriculture

Gov. Evers recognizes that Wisconsin's agricultural industry is as critical to the state economy as it is to Wisconsin's heritage and culture, and ensuring its continued growth and success for generations to come will be critical to ensuring Wisconsin's continued growth and success. This budget makes several key investments to support Wisconsin farmers, farm families, and the agricultural industry as a whole, including:

- Providing \$1 million GPR in each year to help build Wisconsin's agricultural brand in international markets and increase agricultural exports through the Wisconsin Initiative for Agricultural Exports program (WIAE). This initiative aims to boost the export of dairy, meat, crop, and other agricultural products by 25 percent by June 2026 and allows the Wisconsin Department of Agriculture, Trade and Consumer Protection (DATCP) to have flexibility to respond and react to changing market conditions.
- Investing an additional \$300,000 GPR in each year to increase the available funding for the Dairy Processor Grant program. Increasing our state's dairy processing capacity is critical for farmers to ensure their high-quality milk can be processed into numerous products like cheese, yogurt, and other products. This program provides grants up to \$50,000 to help foster innovation, improve profitability, and sustain the

long-term viability of Wisconsin's dairy processing facilities.

- Bolstering the Meat Processor Grant program with an additional \$1.6 million in fiscal year 2023-24. This program strives to grow Wisconsin's meat industry and improve the long-term viability of the livestock sector through services to meat processing facilities. Meat Processor Grants are available to new or existing processors to facilitate changes and expansion to grow harvest capacity and/or increase product throughput.
- Allocating \$538,800 GPR in fiscal year 2023-24 and \$541,400 GPR in fiscal year 2024-25 to meet federal expenditure requirements for the meat inspection program. These inspections help ensure the meat products consumed by Wisconsinites are produced safely and match nutrition claims found on food labels.
- Providing \$100,000 GPR in each year for mental health assistance to farmers and farm families. Farming brings unique challenges including unpredictable weather, uncertain and volatile markets, and labor shortages. While stress is a part of life, prolonged and increasing amounts can negatively impact overall wellness, even leading to depression or anxiety. This crucial funding enables farmers and farm family members to access in-person counseling services from a participating mental health provider in their local area at no cost.

HIGHLIGHTS FROM GOV. EVERS' LINE-ITEM VETOES

Using his broad, constitutional veto authority, Gov. Evers also made several substantial improvements to the 2023-25 Biennial Budget that was sent to him by the Legislature. Highlights of these improvements include:

- **Per Pupil Revenue Adjustments:** In future biennia and effectively in perpetuity, school districts will have continued, additive per pupil revenue adjustments of \$325 every year, sustaining school district spending for the foreseeable future. The 2023-25 biennial budget ensures school districts have a level of budgeting certainty that they have not experienced since the statutory indexing mechanism for the adjustments was deleted in 2009-10. Through the governor's veto, the budget provides per pupil revenue limit adjustment authority of \$179 plus \$146 for a total of \$325 in each year from 2023-24 until 2425.
- **Targeting Tax Relief to Working Families:** Instead of supporting Gov. Evers' middle-class tax cut plan to provide \$1.2 billion in tax relief, targeted toward working

families, seniors, caregivers, parents, and veterans, among others, the Legislature passed instead a reckless plan that could jeopardize billions in federal funds if adopted, and roughly half of which goes to filers with incomes above \$200,000.

Gov. Evers' vetoes ensure that tax relief in the 2023-25 budget goes to working families who need help affording rising costs—not the wealthiest 11 taxpayers in Wisconsin, who would have received an average tax cut of \$1.8 million per year. The budget builds on Gov. Evers' previous work to provide tax relief to working families by reducing the individual income tax rates for the bottom two income tax brackets to provide \$175 million of individual income tax reductions over the 2023-25 biennium. By cutting the bottom two tax rates further, this budget continues the governor's responsible individual income tax reductions, which now total nearly \$1.5 billion annually since 2019. Importantly, under the 2023-25 biennial budget enacted by Gov. Evers, every filer will still receive a tax cut.

- **Investing in Child Care for Working Parents:** The Legislature rejected Gov. Evers' proposed more than \$300 million to stabilize the state's child care industry and support the state's workforce, providing just \$15 million and requiring the funds to be distributed as revolving loans. Gov. Evers' partial veto ensures \$15 million in fiscal year 2023-24 at the Wisconsin Economic Development Corporation can be used for grants to child care providers rather than loans.
- **Helping Homeowners:** As highlighted above, the 2023-25 budget provides \$50 million to support a housing rehabilitation program to help low- to moderate-income households renovate or repair their current homes and address hazards like lead and mold. This veto will help ensure families do not struggle to repay loans by allowing WHEDA to distribute these funds as grants or forgivable loans to homeowners that WHEDA determines most need the assistance.
- **Supporting the University of Wisconsin System:** Gov. Evers' vetoes give the University of Wisconsin System the ability to retain 188.80 full-time positions, which had been targeted by the Legislature for work remotely related to diversity, equity, and inclusion at campuses across the University of Wisconsin System.

2023-25 biennial budget documents, including the governor's full veto message and the

enacted budget, are available [here](#).