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Numerous State Policy Changes Will Adversely Affect Families in 2012

As the calendar turned to 2012, many of Wisconsin's working families began to feel the effects of state budget cuts and policy changes made in the biennial budget bill signed into law last July.

A new summary of budget changes going into effect this year compiled by the Wisconsin Council on Children and Families shows how working families are being adversely affected. Changes include reduced tax credits, higher health care premiums and copays, and a new waiting period for unemployment insurance benefits. The first of these changes went into effect this month.

"The range of changes that will make things tougher for Wisconsin families starting this year is startling," said Ken Taylor, executive director of the Wisconsin Council on Children and Families. "At a time when so many working families are just starting to get back on their feet in the wake of the recession, it's troubling to see just how many policy changes are going to make it more difficult for them to bounce back economically."

Some of the changes that either took effect on January 1 or will be felt as people file their tax returns this year include the following:

- The state Earned Income Tax Credit is decreasing for low-income working families with two or more children. A single mom who has three children and is making the minimum wage will lose \$518 per year.
- Unemployment benefits will be reduced by more than \$41 million this year because of the imposition of a one-week waiting period before newly unemployed workers are eligible.
- Health insurance costs are rising sharply for public sector workers. State employees will now pay 12 percent of their premium, and for those in the standard plan, deductibles have doubled and copays increased.

"Low- and moderate-income families in Wisconsin are going to feel some pain as the cumulative impact of these changes sinks in," said WCCF research director Jon Peacock. "These families' loss of buying power is also going to have a negative impact on the state's economy."

Peacock noted that the most significant effects for working families would probably begin at least a few months into the year, if or when federal officials allow the Department of Health Services to implement proposed changes to the BadgerCare program. Those changes are estimated by the department to reduce BadgerCare participation by more than 64,000 people, including over 29,000 children. An additional 263,000 people who remain in the program would have reduced benefits and significantly higher copays. The proposed changes to BadgerCare require federal approval, which has not been received yet, leaving it unclear exactly what the final changes will be and when they will take effect.

The Council's two-page summary of the policy changes affecting working families is available online at http://wccf.org/pdf/2012_policies_working_families.pdf.

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