



Setbacks for Children and Families in the Biennial Budget Bill

The Governor's budget contained a number of provisions that were very positive for children, families and communities, but also had a number of serious deficiencies – including the property tax freeze, one-time sources of funding for Medical Assistance, and under-funded W-2 benefits. The Joint Finance Committee (JFC) addressed the Medical Assistance funding issue, but created a more stringent and more far-reaching property tax freeze, increased co-pays for low-income working families for child care and generic drugs, and dramatically cut school funding. The combination of actions, while preserving important health care coverage for low-income families, produces a budget that disproportionately harms children and families. Our concerns follow:

K-12 Education

- A \$328 million reduction in school equalization aid, relative to amount proposed by the Governor. Equalization aid is the principal funding source for schools, and the Governor proposed funding that would have met the challenge of paying two-thirds of school costs.
- Deep cuts in the per pupil spending limits – to \$120 in 2005-06 and \$100 thereafter, compared to \$248 and \$252 in the Governor's bill, and \$241 in 2004-05. Since large components of school spending (such as health insurance and energy) are increasing faster than the proposed caps, this will result in significant cuts in school programs.
- A cut of about \$50 million from the categorical aid recommended by the Governor.
- Measures that undercut the SAGE program – by rejecting the per pupil increase that would have helped more districts participate, and by allowing Milwaukee Public Schools to increase SAGE classes from 15 students to 25 students..
- Rejection of the increased funding for school breakfasts, intended to help Wisconsin escape last-place in the percent of low-income children getting school breakfasts.

Early Education and Care

- A 15 percent increase in co-pays for working parents receiving child care subsidies.
- Rejection of the \$3 million in start-up funds for four-year-old kindergarten programs. The reduced spending caps and general aid will also discourage initiation of 4-K programs.
- A 59% cut in the base level of funding for Child Care Resource and Referral agencies.
- Rejection of the Governor's Quality Care for Quality Kids initiative, which would have created a five-star rating system for child care, and would have graduated reimbursement rates, based on quality, for providers serving families in the Wisconsin Shares child care subsidy program.
- Elimination of the current pass-through grant program, which helps improve child care quality.
- A cut of \$2 million per year in reimbursement for after-school child care programs.
- Rejection of the Governor's proposal to allow W-2 participants to stay home with newborns until they reach age 6 months (instead of 12 weeks), which would have saved about \$2 million.

- A cut of \$1 million per year for child care provided at W-2 job centers, and a reduction of \$347,000 per year for child care for migrant workers.
- Elimination of most of the increase for child care scholarships and stipends proposed by the Governor to help improve the quality of the child care workforce (resulting in an increase of about \$200,000 per year, instead of \$1.8 million annually).

Economic Security

- A reduction of about \$24 million in state GPR funding for W-2 and child care programs, relative to the Governor's bill.
- A 21 percent cut in the next contracts for W-2 work benefits, services and administration, requiring a sharp drop in W-2 enrollment. In addition, the Fiscal Bureau concluded that the work benefits appropriation recommended by the Governor and approved by the JFC will fund 247 fewer families than the assumed participation level (which was already probably unrealistically low).
- Raising out-of-pocket costs for low-income working families – from increased child care and prescription drug co-pays (for generic drugs under Medical Assistance).
- Rejection of the “Trial Jobs Plus” pilots, which would have placed participants in subsidized jobs with private employers, giving them real work experience and making them eligible for the earned income tax credit.
- Elimination of funding for the Milwaukee DWD office, thereby reducing oversight of W-2 in Milwaukee.
- Rejection of the extension of W-2 benefits to women in the third trimester of a medically-verified at-risk pregnancy that makes them unable to work.
- Elimination of the proposed funds for transportation assistance for W-2 participants.

Health Care and Child Welfare

- A 200 percent increase in co-pays for generic drugs (from \$1 to \$3) in the Medicaid and BadgerCare programs.
- Rejection of Medicaid coverage for teens who “age out” of the foster care system.
- Cutting about \$7 million more than the Governor proposed from the Medicaid funding for personal care workers, who provide home health services.
- Only half the increase in foster care rates that was proposed by the Governor.
- Rejection of most of the Governor's initiative to use a small portion of the savings from reduced child welfare caseloads in Milwaukee to make quality improvements, such as reducing the high caseloads for child welfare case managers.
- Elimination of the Governor's plan to phase in a statewide home visitation program for first-time parents.

Local Government Restrictions

- Structuring local property tax limitations in a way that falls more heavily on slower-growing municipalities and counties, compared to the Governor's plan.
- Reduced support for equalization aid, which helps level opportunity for students in less wealthy districts.

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