



For Immediate Release
May 3, 2005

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Get Specific on TABOR

WCCF Report Explores Specific Impacts TABOR would have on Wisconsin Residents in Health Care, Education, and Human Services

Madison – The “Taxpayer Bill Of Rights” – TABOR – has once again been introduced in the Wisconsin Legislature. While concerns about the intended and unintended consequences of TABOR have been expressed, what has been lacking is a discussion of the likely *specific* impacts of TABOR on Wisconsin residents.

A report released today by the Wisconsin Council on Children and Families takes a look at what *specific* effects TABOR could have on the state and its residents in three distinct areas of *state* spending: health care, K-12 education, and human services through the Community Aids allocation.

“Every day people in Wisconsin benefit from state spending on health care, K-12 education, and our Community Aids programs. TABOR would curtail that spending, and we want to explore what that would mean for Wisconsin residents. This report is the first step in looking at *specific* ways that TABOR would affect our daily lives,” John Keckhaver, Research Analyst, Wisconsin Council on Children and Families said.

Prior research by Professor Andrew Reschovsky of the University of Wisconsin – Madison has indicated that if TABOR had been in effect since 1986, state spending by 2003 would have been one third less than it actually was – amounting to reduced state spending of \$8.4 billion that year.

The Council takes the analysis one step further and looks at how these three specific areas of state spending – health care, education, and Community Aids – would have been treated under the TABOR caps, and what the impacts would have been on Wisconsin residents if each was reduced by one-third.

More conservative estimates are also considered, though under cap systems, if one area of spending receives less than the average cut, other areas must receive deeper cuts to meet the overall limit.

Medical Assistance

In fiscal year 2003-04, \$4.4 billion was spent on Medicaid and related programs in Wisconsin. Thirty-seven percent of that – \$1.6 billion – was paid by the state.

A full one-third reduction would have resulted in approximately \$528 million fewer state dollars spent on these programs than was actually spent in 2003-04. Alternatively, a more conservative estimate of a 10 percent cut would have resulted in a \$160 million reduction in state spending for health care in 2003-04, which exceeds the combined costs of BadgerCare and SeniorCare. Added to this would have been the lost federal revenue, as state dollars on Medicaid spending are matched by federal funds.

“With the budget deficit of the last session MA programs were significantly cut, with increases in co-pays and eligibility for popular programs like SeniorCare and Badger Care. If TABOR had led to

these kinds of reductions in health care spending, MA as we know it would cease to exist – no more SeniorCare or BadgerCare, and significant cuts to basic medical care for children, the elderly and the disabled,” Dr William Perloff, Sturgeon Bay, retired Pediatric Intensive Care Physician and WCCF Board member said.

“Morally we cannot turn our back on Wisconsin’s neediest individuals – it makes no sense ethically or financially,” he said. “Those ‘cost savings’ will come back to haunt us,” he added.

K-12 Education

Schools in Wisconsin are funded with a combination of state, federal and property tax revenue. State spending for K-12 in fiscal year 2003-2004 was \$4.8 billion. A one-third reduction in direct state aid because of TABOR would have resulted in \$1.6 billion less revenue for schools.

It’s unlikely that under its reduced revenue stream the state would have taken on the commitment to pay two-thirds of K-12 education costs – a move made to ease pressure on property taxes – or would have been able to implement SAGE, for instance – the very successful state program which assists schools in lowering class sizes in grades K-3.

“Having \$1.6 billion less in state money for schools last year is hard to imagine. Rural Wisconsin’s schools would be devastated and many would simply be closed,” said Marcia Engen, a teacher from Appleton Area Schools and member of the WCCF Board.

“There is no monetary value that can be placed on a well-educated child, but I know for sure our state depends on our children for the future,” she said. “Shortchanging our kid’s education will only hurt all of our state in the very near future.”

This loss would have compounded the difficulties for schools as *school district* spending also would have been seriously curtailed, more so than under the existing revenue caps. In fact, Professor Reschovsky has pointed out that *school district* spending would have been 20 percent less than actual levels in 2003.

Community Aids

Community Aids consist of financial aids to counties to provide a number of human services in two broad categories: social services for low-income individuals and mental health, developmental disabilities and substance abuse services. Examples include: investigation of child abuse and neglect, supervision of foster care, mental health treatment, transportation and services to children with developmental disabilities.

Funding for these programs comes from both state and federal funds with counties required to match for some of the programs. \$177 million in state funds were allocated to Community Aids in 2003-2004. A one-third cut to Community Aids due to TABOR would result in \$58.5 million less aid for counties to provide these state and federally mandated programs.

“Community Aids make sure children are safe in our communities and their homes. These are services to people who need them and that make our communities better, healthier places to live,” Charity Eleson, Executive Director of the Wisconsin Council on Children and Families said. “TABOR would have a significant adverse impact on the daily lives of Wisconsin’s most vulnerable citizens.”

The report demonstrates that many essential state programs would have been cut dramatically by 2004 if TABOR had existed since 1986 – or would not have been created at all.

“Politicians have a responsibility to discuss the specific effects of their proposals. Our aim is to help Wisconsinites raise these issues, and to help them fight through the rhetoric that has dominated the discussion so far,” John Keckhaver, Research Analyst for WCCF added.
