



WISCONSIN COUNCIL ON

**children
& families**

Raising Voices to Make Every Kid Count

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WCCF Responds to Senate Budget Changes

Note: WCCF's analysis of the budget's impact on children and families, newly updated to include Senate action, is available online at http://www.wccf.org/pdf/budget_summary_2009-11_analysis_AB75.pdf. Ongoing updates will be available on the WCCF website at www.wccf.org and via the WCCF blog at www.wiskids.blogspot.com as the bill progresses through the remainder of the budget process.

The Wisconsin Council on Children and Families is pleased with most of the Senate changes to the state budget bill. Many of the changes represent substantial improvements to the budget, although a few move the budget in the wrong direction in terms of improving outcomes for children and families in Wisconsin. Among the Senate changes are:

- **Deletion of a change to W-2 that would eliminate 24-month time limits on placement in particular program categories.** The Governor's proposal has been widely misunderstood and misrepresented by opponents of the change and in the press, which have characterized this as a significant easing of W-2 requirements. Eliminating the 24-month time limits would not affect the overall five-year time limits on W-2 participation imposed by state law and consistent with federal law pertaining to Temporary Assistance for Needy Families, the block grant program that provides much of the funding for W-2. The 24-month time limits have proven to be largely ineffective and impractical. Their removal costs nothing and would enable agencies to serve participants on the basis of their actual progress rather than on rigid, artificially imposed timetables. WCCF opposes this deletion.
- **Indexing of the state minimum wage.** The buying power of the minimum wage has deteriorated considerably over the years due to inflation. Indexing the minimum wage would help low-income earners better cope with the rising cost of providing the essentials for their families. WCCF supports this provision.
- **Funding for 4-year-old kindergarten grants in 2010-11.** Earlier versions of the budget bill had eliminated funding for the second year of the biennium. This provision restores base funding for that fiscal year. WCCF supports this funding.
- **Modification of the property tax exemption for retirement homes for the aged.** A recent court decision threatened to cause many nonprofit low-income rental housing providers to lose their property tax exemption. This compromise will allow providers to retain their exemption, while enabling local governments to collect tax revenue from nonprofits whose housing services wealthier residents. WCCF supports this provision.
- **County share of costs at the mental health institutes.** This amendment allows counties to benefit from the enhanced federal Medicaid matching rate for treatment of children and elderly patients at the state mental health institutes. The \$1.3 million per year

increase for the counties provides a little relief from the numerous other budget provisions that make deep cuts in county funding. WCCF supports this amendment.

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- **Capital gains tax break.** The Senate bill eliminates the current capital gains tax exclusion and essentially substitutes the revenue gained from that change for the revenue that would have been generated by the oil franchise tax. Wisconsin is one of only 9 states providing an income tax break for capital gains. Ending that tax break is a far more progressive way of generating needed revenue than the Assembly plan for an oil company tax that is passed through to consumers. WCCF supports this provision.
- **Homestead Tax Credit indexing.** Unlike the other items noted above, this was not changed relative to the Finance Committee bill, but differs from the Assembly version. Both the Assembly and the Senate would begin the long-overdue reform of indexing the Homestead Tax Credit for inflation; however, the Senate bill only indexes the income eligibility ceiling. The Assembly also indexes the maximum credit, which hasn't been changed since 1991. WCCF prefers the Assembly provision.

“We applaud the Senate for generally making the budget better, but are disappointed by some of the W-2 changes” said Charity Eleson, executive director of the Wisconsin Council on Children and Families. “We urge members of the Senate to reexamine the W-2 time limits and accept the modest improvements endorsed by the Governor and Assembly.”