



WISCONSIN COUNCIL ON

**children
& families**

Raising Voices to Make Every Kid Count

555 West Washington Ave, Suite 200

Madison, WI 53703

www.wccf.org

☎ 608-284-0580

✉ 608-284-0583

For Immediate Release

June 9, 2008

Contact: Bob Jacobson, 608-284-0580, ext. 303

WCCF Analyzes Impact of Joint Finance Budget on Children and Families

The Wisconsin Council on Children and Families today released its analysis of the impact of the Joint Finance Committee's budget on children and families. The WCCF analysis, which is updated with each step of the budget process, is available online at http://www.wccf.org/pdf/budget_summary_2009-11_analysis_AB75.pdf.

"This is the most challenging budget Wisconsin policy makers have ever had to craft," said WCCF Executive Director Charity Eleson. "The Committee was forced to make some incredibly tough decisions. Their task was made even more difficult by bleak revenue projections and a lack of political will to support additional revenue options to help close the gap."

Although the Joint Finance budget does include more than \$300 million in additional revenue compared to the Governor's bill, that figure is dwarfed by a further decline of \$1.6 billion in projected state tax collections. To help close the larger deficit, the Joint Finance budget cuts almost \$944 million more over the next biennium than the Governor proposed. These cuts include almost \$341 million from school aids and \$251 million more from state agencies, which increases the cuts for most agencies to 3.5%. The 3.5% cuts to agencies are on top of the \$222 million cut from the budget by furloughing state workers and rolling back pay increases.

"While we are pleased that the Committee preserved some very essential safety net programs, our analysis also shows that this budget includes cuts that will negatively affect families and children," Eleson said. "It is unfortunate that the full impact on public services of the unspecified across-the-board cuts this budget directs state agencies to make is largely unknown. The strategies used to balance this budget, while expedient, make it impossible for the public to understand what services will be cut and what the effect on them will be."

In spite of the cuts, the JFC budget does manage to maintain critical investments in health care, workforce development and early childhood. Below is an outline of items in the Joint Finance budget that will affect children and families, both positively and negatively:

Early Care and Education

Positives:

- Funding for the Wisconsin Shares child care subsidy program.
- Elimination of several proposed cost-saving measures that would have harmed child care programs, children and families.

Negatives:

- Elimination of the funding to create a quality rating and improvement system for child care.

Workforce Development / Economic Support

Positives:

- Several improvements to W-2, including elimination of ineffective two-year time limits, extension of eligibility for childless women in at-risk pregnancies, and funding for assistance based on higher, more realistic caseload estimates.
- Substantial increases in general aid to local technical colleges and financial aid for technical college students.
- Increase in emergency assistance funding.

Negatives:

- Removal of proposed change in W-2 to expand the time parents of newborns can receive benefits without a work requirement.

Health Care

Positives

- Protects BadgerCare Plus eligibility for children and parents.
- Implements expansion of BadgerCare Plus to childless adults (using hospital assessment funding).
- Continues with the statewide phase-in of the Family Care program, although at a slower pace.

Negatives

- DHS is directed to find about \$190 million worth of cuts in state GPR funds and more than \$600 million in total funds from Medicaid and BadgerCare Plus.
- Cuts \$5.9 million per year from tobacco use control grants.

Revenue and Taxes

Positives

- The hospital assessment will leverage substantial federal Medicaid dollars that will be used to increase hospitals' Medicaid reimbursement rates, fund the new childless adult coverage, and help balance the budget.
- The bill includes targeted revenue sources like reducing the capital gains tax break and creating a new income tax bracket for the top 1% of state residents.
- The income ceiling for Homestead Tax Credit eligibility is being indexed for inflation (though the maximum credit is not).
- It improves the capacity of the Department of Revenue to collect taxes owed.

Negatives

- Because of the revenue shortfall, counties are taking a gigantic hit, which will result in reduced local services and/or increased pressure on the property tax to support crucial services to vulnerable families in a timely and effective way.

- Missed a couple of opportunities for progressive tax revenue, such as restoring the estate tax and bringing Wisconsin's capital gains tax in line with most other states.

Juvenile Justice

Positives

- Youth Aids funding was restored to the base level, eliminating a proposed 6% cut.

Negatives

- 17-year-olds are not being returned to the juvenile system.

K-12 Education

Positives

- An infusion of federal stimulus funding will protect special education and will allow some districts to get net increases in total aid.
- An increase in the state's high-poverty aid provides a little relief for 47 school districts, compared to 24 that qualified in the current school year.

Negatives

- General school aid is being cut by 3.1% from the base, and most categorical aid by 2.5%.
- Roughly three-fifths of school districts will get less total state and federal funding.

WCCF will continue to monitor the budget as it proceeds through the full Legislature and back to the Governor's desk. Periodic updates will be available on the WCCF website at www.wccf.org and via the WCCF blog at www.wiskids.blogspot.com.