

WI Legislative & State Budget Update

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[Budget updates...](#)

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Subject: Legislative & State Budget Update



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Dear Brothers and Sisters,

We write to provide another important update on the evolving State Budget and State legislative session. The following is a summary both on recent efforts to repeal our Prevailing Wage laws and on the Joint Finance Committee's activities over the last 10 days. After celebrating Memorial Day weekend, legislators returned to the Capitol last week only to launch further attacks on workers and Wisconsin's working families through the budget and legislative processes.

Prevailing Wage

Workers and our allies testified in force at the Assembly Labor Committee's public hearing on Assembly Bill 32, the stand-alone bill that would fully repeal Wisconsin's prevailing wage.

Five minutes after the seven-hour hearing concluded, the Assembly Labor Committee went into executive session to take a vote on the bill to repeal our prevailing wage statutes. No amendments were offered to modify the bill. The Assembly Labor Committee is comprised of 6 Republicans and 3 Democrats. 5 Republicans voted to pass the bill out of committee. One Republican, Rep. John Spiros from Marshfield, joined the 3 Democrats in opposing the bill, stating that he would rather reform prevailing wage than repeal it. With the final vote of 5 to 4, the bill technically could be scheduled for a floor vote in the Assembly at any time.

Assembly Speaker Robin Vos, who largely controls which bills are brought to a floor vote, has given his individual support for repealing our prevailing wage laws; however, Vos publicly stated that he will not bring the bill to the floor because he believes there are not sufficient votes to pass the repeal. Instead, Vos has publicly stated that he wants to "reform" (i.e., weaken) prevailing wage through either introducing new legislation or including major changes in the budget through the Joint Finance Committee.

Workers Compensation

On Wednesday, the Joint Finance Committee (JFC) half-approved Governor Walker's workers compensation proposal in his budget. The Governor's proposal split our successful and efficient Workers Compensation System, transferring its many functions to two separate State departments: the Office of the

Commissioner of Insurance (OCI) and the Department of Administration (DOA), from the single department that has housed workers compensation since its inception in 1911, the Department of Workforce Development (DWD).

The JFC rejected Governor Walker's proposal to transfer the administrative functions from the DWD to the OCI. Those functions will remain housed within the DWD.

The JFC then approved Governor Walker's proposal to transfer the adjudicatory functions (e.g., hearings) from the DWD to DOA. As part of this approved plan, at least 18 judges will move from DWD to DOA to preside over workers compensation cases. These judges are to spend at least 80% of their time on workers compensation cases. The plan also entails leaving a few judges and staff at the DWD to mediate workers compensation disputes.

Family Care

Family Care, a Medicaid program, was approved by the Legislature and signed into law by Governor Tommy Thompson in 1998. Since then, it has served adults with developmental and/or physical disabilities and our frail elders by improving access to services while creating a cost-effective system that focuses on health and social outcomes. Known as our state's long-term care system, Family Care uses two systems to provide needed assistance: Aging and Disability Resource Centers (ADRCs) and Managed Care Organizations (MCOs). Currently, Family Care provides services in 57 of Wisconsin's 72 counties.

ADRCs are the entry point to long-term care: they are the brick-and-mortar buildings where the general public receives information about long-term care options from knowledgeable staff. Each ADRC is governed by its own board.

Nine regional MCOs manage and deliver the actual Family Care benefits, which are personalized to each individual's needs and preferences. Each MCO receives a monthly per-person-payment from the State to manage and purchase care for their members, who may live in their own homes, group homes, or skilled nursing facilities. According to the non-partisan Legislative Fiscal Bureau, about 38,000 people were enrolled in a MCO as of March 2015. Family Care has been a very cost-effective system that is well-liked by its members. One of the reasons that our system is cost-effective is that, by state law, the MCOs are allowed to make a very limited profit. Of course, needed improvements must be made, such as insuring that the care workers receive a living wage and access to training and career development.

In his proposed budget, Governor Walker proposed massive changes to Family Care. Governor Walker recommended ending the ADRCs and their governing boards and effectively ending the MCOs by selling the system to private, for-profit companies. Even though, on Friday, May 22, Republican leaders of the Joint Finance Committee announced that they would be rejecting Governor Walker's proposal, they actually approved most of the harmful elements of his proposal.

The JFC-approved plan opens up the long-term care market to unscrupulous for-profit companies, which will harm those whose lives depend on necessary services and their service providers, including their homecare workers who provide dignified and compassionate care around-the-clock. JFC also expanded Family Care to all 72 counties and left the ADRCs intact.

IRIS

IRIS, a separate state Medicaid program for adults with disabilities, allows participants to choose and direct the services that make it possible for them to lead productive and dignified lives, with the goal of avoiding costly nursing homes and other institutions. Approximately 12,000 adults participate in the IRIS program.

Unlike the Family Care's MCOs, IRIS allows participants to direct their own care. Governor Walker proposed to eliminate the IRIS program and move participants and the coordination of their necessary services to a model run by for-profit insurance companies.

JFC did little to reject Governor Walker's IRIS proposal. Under the JFC-approved plan, IRIS will be folded into the new Family Care model, allowing IRIS to be operated by for-profit healthcare and health insurance businesses. The JFC plan is accompanied by many questions and anxiety from users, along with questions from their homecare workers who have provided IRIS users with the dignified and compassionate care that they deserve.

Senior Care

The JFC voted to reject Governor Walker's proposal to cut SeniorCare by 40% and also reject ideas to cap future enrollment and double or triple annual fees and co-payments. Under the JFC-approved budget, Wisconsin's 90,000+ seniors will be able to continue receiving the necessary and affordable medications they need.

UW System

On Friday, a mere four hours before debate on the UW System began, the Republicans on the Joint Finance Committee released their omnibus motion related to the UW System. The motion spans 15 pages and includes 70 different proposals, all in response to Governor Walker's plan to privatize the UW System into an "Authority" and slash its funding by \$300 million. After only three-and-a-half hours of debate, the Republicans' motion passed in the late evening on a party line vote. The JFC-approved plan includes the following:

- Privatization: The JFC officially rejected Governor Walker's proposal to convert the UW System into an Authority.
- Cut in aid: The JFC approved a \$250 million cut in state aid to the UW System over the budget cycle.
- Shared Governance: The JFC made the following changes -
 - o Faculty - change statutory language to end Shared Governance for faculty so that faculty would not be active participants, but advisory.
 - o Academic staff – change statutory language to end Shared Governance for academic staff so that academic staff would not be active participants, but advisory.
 - o Students – change statutory language to end Shared Governance for students so that students would not be active participants, but rather but advisory.
- Tenure: The JFC voted to approve the Governor's recommendation to delete the statutory definition of "tenure appointment" and the current statutory language that provides for a just cause hearing for terminating a tenured employee. The JFC also voted to delete the definition of "probationary appointment" and the provisions that limit a probationary appointment to seven years. The JFC-approved plan undermines the purpose of tenure, which is to promote academic freedom and expand the intellectual creativity necessary to sustaining a strong foundation of excellence at our top university.
- Charter Schools: In the motion regarding the UW System, the JFC approved additional ways in which charter schools can operate in our state. To fund these additional charter schools, the local school district's state aid would be reduced in an amount equal to the total payment made by the

State for the education of each student at the charter school. This will further deplete public school funding.

- Office of Educational Opportunity: the JFC created a new authorizer of charter schools in the UW System, called the “Office of Educational Opportunity.” This Office can authorize charter schools in school districts that have more than 25,000 students. The Office will evaluate proposals for charter school contracts and monitor the operations of charter schools.
- Waukesha County: The JFC voted to allow the Waukesha County Executive to authorize charter schools within Waukesha County.
- Tribal Colleges: The JFC voted to allow Tribal Colleges that are an accredited college operated or controlled by a federally-authorized American Indian tribe or band in Wisconsin to authorize charter schools in the county that it is located in or an adjacent county.
- Gateway Technical College District: The JFC voted to allow the Gateway Technical College District, located in Kenosha, Racine, and Walworth counties, to authorize charter schools within one of the above counties or an adjacent county.
- Tuition freeze: The JFC ordered a freeze in in-state tuition at all campuses (except UW-Stevens Point, see below) until 2017.
- UW Stevens Point tuition freeze: The JFC allowed the Board of Regents to increase in-state tuition at UW-SP and implement a “differential tuition,” if the students vote for it via a referendum.
- Restore program funding: The JFC voted to restore funds for Rural Physician Residency Assistance program and other programs.
- Delete program funding: The JFC voted to approve the Governor’s plan to delete all funding and positions tied to solid waste research, recycling education funding, the WI Bioenergy Initiative, etc.

DNR

Also on Friday, the Republicans on the Joint Finance Committee released their omnibus motion concerning the Department of Natural Resources (DNR) minutes before debate began. This motion spans 12 pages and includes 22 different proposals, many with multiple sub-proposals. The motion passed the JFC on a party line vote of 12-4.

The JFC-approved proposal rejected the Governor’s proposed freeze of land purchases under the Knowles-Nelson Stewardship program, but limited the Stewardship’s annual borrowing to \$33.2 million a year until mid-2020.

The JFC also approved cutting 29 positions at the DNR. These cuts in staffing include 18.4 science positions, 10 natural resource educators, and a magazine specialist.

Next Up

The JFC was set to finish their deliberations by the end of May. However, the Republican leaders on the JFC announced that JFC would not hold any sessions this week, and was unsure of its schedule for next week. The Republicans are internally debating two, if not more, important issues, most notably acceptable levels of borrowing for road construction and the financing of the Milwaukee Bucks Arena.

In his proposed budget, Governor Walker called for over \$1 billion in borrowing for road construction and no new taxes or revenue streams. This controversial plan, which is fiscally irresponsible

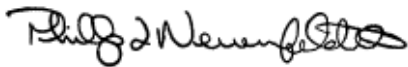
because of the large debt that it will leave for Wisconsin's taxpayers, has caused debate within the Republican leadership and has stalled the JFC from finishing their budget deliberations.

Furthermore, legislators are growing wary of the negotiations and subsequent deal reached relative to the Milwaukee Bucks Arena. The exact deal will be publicly announced Thursday afternoon, but many JFC members and other legislators have not yet been briefed to the specific terms of the deal. At present, 12 out of the 19 Republican Senators have stated that they want the Arena deal pulled out of the Budget and passed via a standard legislative bill. The concern is that there are not a sufficient number of votes to pass a stand-alone bill, putting the Arena in jeopardy and potentially leaving the State on the hook for millions that is owed on the current stadium.

Governor Walker has been busy campaigning all over the country to further his ambitions to be the next President. In doing so, he has left a vacuum of leadership for his Republican allies in the Assembly and Senate. Much work must get done by June 30, when our current budget cycle expires. More specifically, in the next 25 days – the JFC must finalize its deliberations, the State Senate and Assembly must each approve the Budget, the Governor must review the Budget for any vetoes, and finally the Governor must sign the Budget into law.

As always, we will continue to vigilantly follow all matters as they relate to Wisconsin's working families. If you have any questions, please contact Legislative & Research Director Teresa Mambu-Rasch, JD, either via email tmambu-rasch@wisafclcio.org or via cell (414) 418-2241.

In solidarity,



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