



Governor Tony Evers' Proposed 2023-2025 Budget: What You Need to Know and What You Might Have Missed

Two Sentence Summary

Governor Evers' proposed budget irresponsibly spends down the unprecedented surplus in a manner that would require lawmakers to eventually either make massive tax increases or deep cuts to public services. Everyday Wisconsin families deserve real solutions to their economic and educational problems - not an unprecedented expansion of government and bureaucracy in Madison.

Overview: Talking Points

- The Governor's budget amounts to an unprecedented increase in spending over the next two years: \$104 billion dollars, a 17.5% increase in spending over the base year doubled. The plan would spend the entire surplus. As a result of this spending, [DOA estimates](#) that the state will go from a \$7 billion positive balance at the end of this fiscal year to a deficit of \$2.8 billion by the end of fiscal year 2027.
- Governor Evers completely ignores the more than \$1.4 billion in federal COVID relief that was allocated to schools. Of this, \$985 million has yet to be allocated or spent. Nevertheless, while the Governor once again tries to freeze enrollment in school choice programs, he proposes giving \$2.8 billion more to the DPI, a 17.2% increase in spending, without necessary reforms to help our struggling students.
- With such an emphasis on growing government, there is little in the way of using the surplus for tax reform. It dramatically increases taxes on job creators at a time when the state is on the brink of a recession and dealing with major workforce shortage issues. Some of his tax cuts are a step in the right direction but Wisconsin needs its policymakers to be bolder to take advantage of a once in a lifetime opportunity to transform the state.
- The middle class gets hit hard in Governor Evers' budget with higher tuition, less options on where to send their children to school, increased energy costs, and less job opportunities resulting from increased taxes on manufacturers.
- Despite being reined in by the Wisconsin Supreme Court numerous times, Governor Evers has proposed a budget that is chock-full of potential violations of the U.S. and Wisconsin Constitutions and that jeopardizes free speech, religious freedom, property rights, and the separation of powers, among other areas.

17.5%

Increase in
Spending

\$104 Billion Total

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Analysis: What You Need To Know

Spending

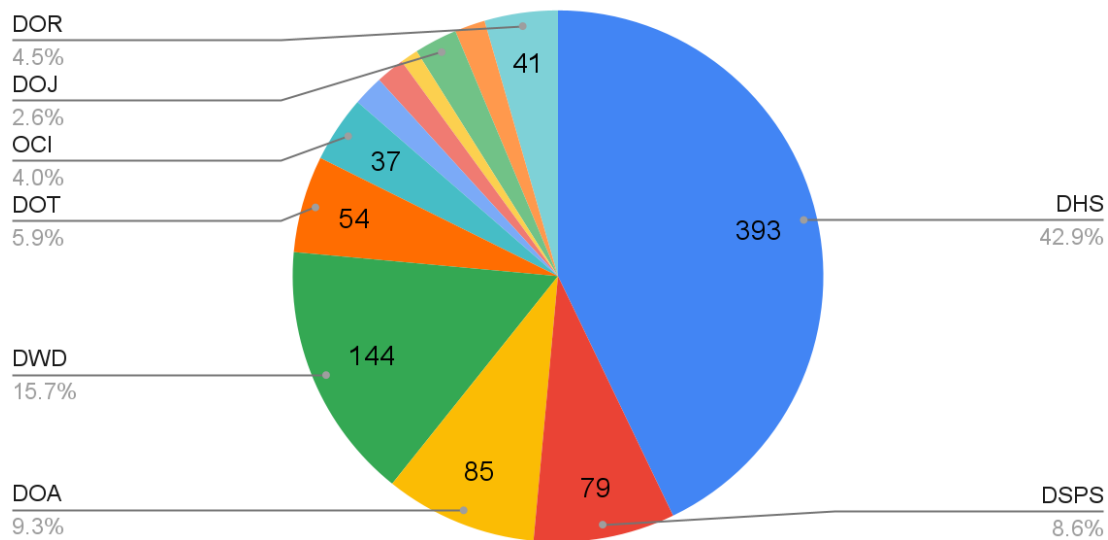
TALKING POINT: *While Wisconsin families have seen their savings decimated from inflation and a slowing economy, Governor Evers proposes a 17% increase in spending for state government.*

According to the Legislative Fiscal Bureau, Wisconsin will end the current biennium (July 1, 2021, through June 30, 2023) with a budget surplus of \$7.1 billion. This is an unprecedented number. The magnitude of \$7.1 billion on hand to begin a budget can't be overstated, as this equals approximately 1/3 of the tax revenue generated by the State annually. It represents a generational opportunity to change the tax structure categorically in Wisconsin if lawmakers are willing to be bold.

817
New
Government
Positions

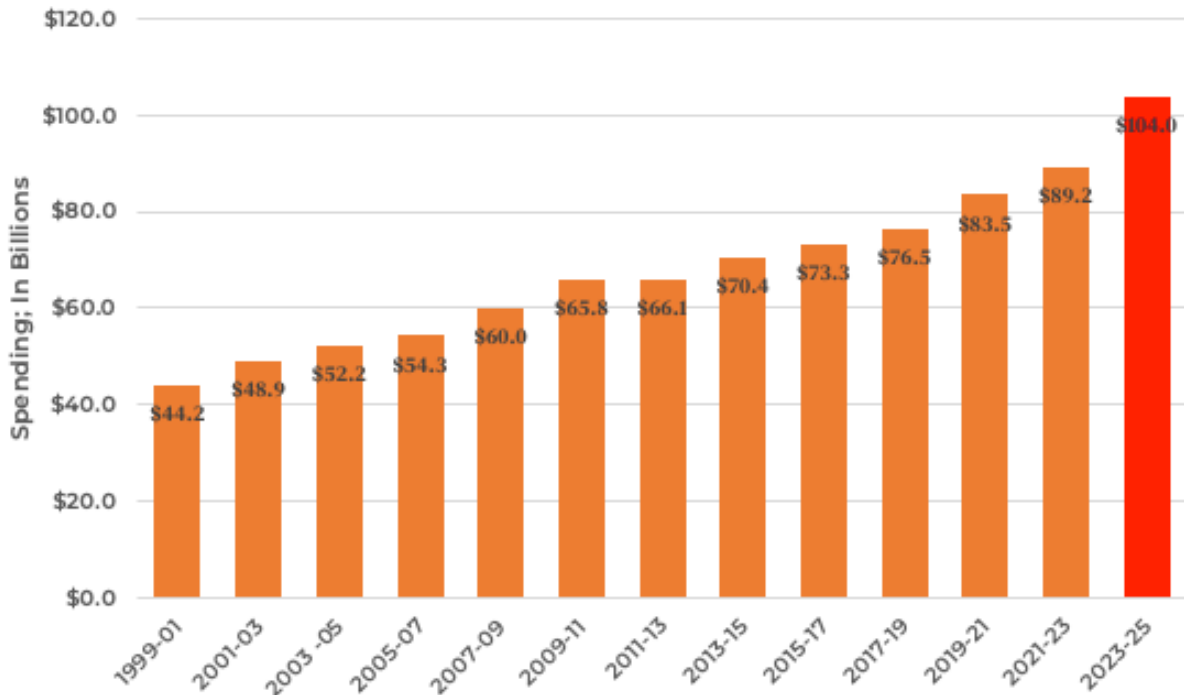
With this context, Governor Evers' budget pushes for unprecedented growth in the size and spending of state government. Total expenditures for the two-year plan hit \$103,752,404,100, a 17.5% increase over the base year doubled. The number of state employees increases too. The Governor proposes adding 817 new positions over the course of the biennial budget.

Where Are the New State Employees Going? Top Ten Agency Increases in 2024.



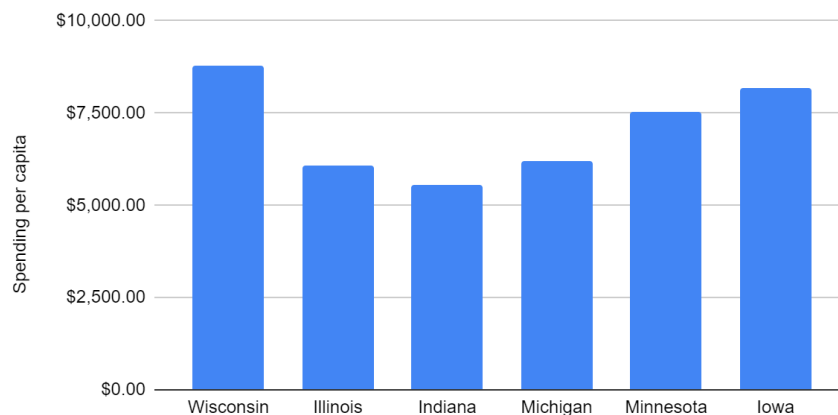
To put the size of this budget in perspective, the 1999-2001 state budget was set at \$44.2 billion. Today, the Governor is proposing a budget that spends \$104 billion. This current proposal is almost \$60 billion higher than what the state spent 20 years ago, 31% higher, even when one considers inflation.

Growth in Wisconsin's Biennial Budgets (All Funds)



Wisconsin spends [more per capita](#) than neighboring states. All of these states except Minnesota have a flat income tax. Wisconsin's spending looks even worse when compared to states that have no income

Spending per Capita Fiscal Year 2020



Source: KAISER FAMILY FOUNDATION

tax. Outside of Alaska, which receives significant revenue from natural resource extraction fees, Wisconsin spends more per capita than any state without an income tax and ranks 14th nationally.

Taxes

TALKING POINT: *Governor Tony Evers' proposed budget dramatically increases taxes on job creators at a time when the state is on the brink of a recession and dealing with major workforce shortage issues. Some of his tax cuts are a step in the right direction but Wisconsin needs its policymakers to be bolder to take advantage of a once in a lifetime opportunity to transform the state.*

The Governor's tax proposals are a mixed bag. On one hand, he lowers taxes on low- and middle-income earners, he proposes savings for small businesses by fully repealing the personal property tax, and he increases the refundability of the research and development tax credit for some employers. But at the same time, he dramatically increases taxes on job creators. Here are the details:

Income Taxes

- 10% tax cut, a \$1.2 billion income tax cut over the biennium targeted at low- and middle-income taxpayers.
 - 10% income tax cut for single filers below \$100,000 and married-joint filers below \$150,000. This amounts to a \$420 million tax reduction with eligible taxpayers seeing an average annual savings of only \$200.
 - Creates, increases, and expands tax credits worth \$186 million annually.
- The Governor is proposing exempting federal student loan debt relief from being subject to state income taxes.

Property Tax Provisions

- After vetoing legislation that would have done the same last session, the Governor is proposing to repeal the personal property tax fully, which will provide \$200 million in tax relief for employers.
- The Governor's budget increases the refundability of the R&D credit, currently capped at 15%, to 50% starting in 2024, totaling \$16 million in 2023 and \$64 million in relief in 2024.

Tax Increases

- Limit the Manufacturing Tax Credit to the first \$300,000 of production, raising taxes on employers by \$655 million in the biennium.
- Limit long-term capital gains exclusion to individuals below \$400,000 and married-joint below \$533,000, a \$339 million tax increase in the biennium.
- Evers proposes adopting tax-raising provisions of the federal Tax Cuts and Jobs Act of 2017 that will increase taxes \$388 million over the biennium.

**\$655
Million
Tax Hike on
Manufacturers**

K-12 Education

TALKING POINT: *Do you remember how the federal government allocated unprecedented amounts of money to schools for COVID relief? Much of this money is unallocated or unspent. But Governor Evers proposes an unprecedented spending increase of \$2.8 billion with no accountability for kids' growth and very few meaningful solutions.*

After sending \$860 million to help Wisconsin public schools manage through spring 2021, Congress sent a final \$1.49 billion to get students back on track. The goal? Do whatever it takes to catch kids up by September 2024. The problem? **\$985 million in [federal COVID relief funding](#)** has yet to be allocated, according to IRG's ongoing COVID Relief Audit.

Governor Evers' budget does not take this into consideration. His proposal would raise the DPI spending by \$2.8 billion to \$19.3 billion in the next biennium, a 17.2% increase. Here are the spending details:

- Increases per student revenue limits, which will raise property taxes.
- Freezes enrollment in the Milwaukee, Racine, Wisconsin, and Special Needs Choice Programs at the number in the 2023-2024 school year.
- \$25 million on reading, including training for 56 coaches and funding for nonprofits, without implementing the smart reforms that states like Mississippi have implemented.
- \$1.01 billion for equalization aid, left to districts' discretion.
- Increase funding for special education to encompass 60% of the cost, costing \$1.01 billion.
- \$273 million for mental health services in schools, even though only 6% of the \$508 million in federal COVID relief that districts have allocated thus far has gone to this important need.
- \$16.5 million to attract more teachers, including stipends for teacher interns, stipends for intern mentors, and recruitment programs for teacher's assistants and high school students, instead of innovative programs.
- \$5 million on financial literacy curricula startup or improvement when 96% of Wisconsin high schoolers already have access to a personal finance course.
- \$120 million for free breakfast and lunch for all students, regardless of income level.
- Positive steps in the right direction:
 - Spends \$1.26 million on rural aid.
 - Requires opioid treatments in schools.
 - Includes independent charter schools alongside district schools in many items.

Overall, his budget does more of the same on education: spending more money without addressing the real problems in a meaningful way. While he touched on important categories in his scattershot spending, hundreds of millions of dollars would be wasted on old-fashioned and unwise choices.

Healthcare, Medicaid, and Insurance

TALKING POINT: Even with a three quarters of a billion dollar Medicaid surplus and with Governor Walker's creative approach to providing 100% access to coverage, per the Kaiser Family Foundation, Governor Evers proposes a dramatic expansion of government-run health insurance. Simply, this is liberal overreach. Critics and the mainstream media will argue that Wisconsin is foregoing "free" federal resources and, therefore, should expand Medicaid. However, the reality is that there is no need to spend even more taxpayer (state or federal) funds to move even closer to Bernie Sanders' dream of a fully run government health care system.

The number of individuals on Medicaid (BadgerCare) has risen significantly in recent years. In January 2020, enrollment in BadgerCare Plus was just over 774,000. Today, that number is over 1.1 million. Yet, **Medicaid is projected to have a \$774.8 million surplus at the end of state fiscal year 2023 (ending June 30)**. The Governor's proposal will move even more people to the government program.

While Medicaid is housed within the DHS, the Department has many responsibilities outside of Medicaid. Here are some the Governor's proposals:

- Expands Medicaid by adopting provisions of the Affordable Care Act, increasing enrollment into the government program by almost 90,000 people.
- Provides hundreds of millions in new spending to increase taxpayer payments to various health care providers, including hospitals, nursing homes, and various specialties (such as mental health and substance-use-disorder treatment providers).
- Provides over \$25 million over the biennium for Medicaid "Community Support Funding," meaning housing referrals, nutritional mentoring, stress management, and other services.

The Governor's budget recommendations for the Office of the Commissioner of Insurance (OCI) continue this trend in an aggressive, government-centered, and overtly regulatory fashion. More specifically, the Governor proposes to expand the government's regulatory oversight and enforcement of the pharmaceutical market and to establish price controls.

- Provides \$2 million to conduct a study of a "public option" health insurance plan, similar to the "public option" that was central to the ObamaCare debate in 2009-10, that would be damaging to the individual and employer commercial markets.
- Establishes a Prescription Drug Affordability Review Board and spends \$3.8 million to establish the Office of Prescription Drug Affordability to address various prescription drug cost provisions also included in the Governor's budget (referenced below). This office would be staffed with 16 new state employees.
- Sets price controls on insulin to \$35 per month and establishes an Insulin Safety Net Program for people with lower incomes and/or no insurance.
- Establishes a Prescription Drug Importation Program for generic, off-brand drugs from Canada.
- Establishes new licensing requirements for various pharmacy benefit management roles and pharmaceutical sales representatives.

Higher Education

TALKING POINT: *In a disappointing reversal from his previous budget, Governor Evers is dropping the tuition freeze, which could dramatically raise costs for higher education on hardworking Wisconsin families.*

Governor Evers likes to say that budgets are about priorities. Big reforms are needed in higher education, but are not found in this budget. Instead, this budget would:

- Grant in-state tuition for non-residents.
- Grant unelected technical college boards greater authority to increase taxes.
- Allow the UW to increase tuition and fees on students while granting pay raises to university employees.
- Allows 2% increases in levy limits for technical college districts, leading to higher property taxes.
- Provide direct admission for Wisconsin high school students based on certain criteria.
- Covers the cost of tuition and fees for resident students with an annual household income below \$62,000.

In context, Wisconsin's colleges and universities are facing [enrollment declines](#) as they struggle to stay relevant to the state's changing economy and demographics. Instead of adapting, many parts of the system are actually adding administrators, seeking enrollment gains by blurring the distinct missions of the UW and Technical Colleges, and doubling down on academic programs that increasingly focus on politics and less and less on preparing students for family supporting careers where they can contribute to society.

Workforce

TALKING POINT: *The Governor's budget is largely a progressive wishlist, aimed at reversing successful Walker reforms, with little connection to workforce development. With historically low workforce participation rates, Wisconsin needs more than a political document.*

Governor Evers' proposed budget:

- Reduces worker freedom by repealing collective bargaining reform (Act 10) and Right to Work.
- Increases the minimum wage annually until it reaches \$10.25 on January 1, 2026, and then indexes it to inflation going forward. It also creates a commission to study options for reaching a \$15 minimum wage.
- Reinstates expensive "prevailing wage" costs on government projects.
- Brings back union-backed project labor agreements.
- Makes it discrimination to ask for a job applicant's conviction record prior to an interview.
- Allows local governments to enact a host of costly employment regulations that are currently prohibited.

- Creates a government-mandated paid family leave program that covers workers of firms with 50 or more employees. The proposed program is funded through an unspecified payroll tax similar to unemployment insurance. Employers that provide their own benefits that are on par with the program are exempt.
- Allows fair employment discrimination lawsuits in circuit court instead of the DWD being the sole arbitrator of such claims.
- Allows a new local layer of expensive and burdensome occupational licensing.
- Eliminates common-sense FoodShare program requirements that able-bodied adults undergo drug testing along with employment training.

Graph: Wisconsin Labor Force Participation between 1997 and current.



Energy and Broadband

TALKING POINT: *The cost of energy, like almost everything else, has been affected by inflation and geopolitical circumstances. Many ratepayers are facing double-digit rate increases. Governor Evers' budget will add to that burden policies that increase the cost of energy even more. He also spends \$750 million on broadband - despite the state standing to receive up to \$1.2 billion from the federal Broadband Equity, Access, and Deployment program.*

Governor Evers' budget proposes:

- Expands the definition of “environmental control activities” to allow utilities to issue bonds for the purpose of decommissioning power plants fueled by nonrenewable energy sources. Ratepayers would pay the bill.
- Expands Focus on Energy Program, doubling what utilities pay into the program from 1.2% to 2.4% of their operating budgets, totalling \$200 million annually. Utilities are then able to pass the cost on to ratepayers.
- Requires the Public Service Commission (PSC) to report out the “social cost of carbon” and update that report every two years.
- Allows utilities to implement low-income assistance programs and recover the costs of those programs from ratepayers.

- Allocates \$750 million for broadband with a few modifications to the program:
 - Change the definition of “unserved” and direct the program to target these areas
 - Unserved is defined as areas with less than 100 mbps download and 20 mbps upload
 - Broadband service must be “available, reliable, and affordable”
 - Priority must be given to projects with at least 40% matching funds and higher priority for projects with greater than 40% matching funds
 - Priority given to projects that can deliver 100 mbps download and upload
 - Prioritize areas that “hard to connect”
 - Require the PSC to consider affordability
 - Must spend at least \$75 million annually

Baseball Park District

TALKING POINT: *Before new funding is approved, lawmakers should ask the right questions to make sure taxpayers are protected and the investment is truly needed.*

The Governor has proposed spending \$290 million to fund improvements at American Family Field over the next 20 years. The stadium was originally funded by a 0.1% sales tax in Milwaukee, Waukesha, Washington, Ozaukee, and Racine counties that raised \$605 million between 1996 and 2020. If approved, the new funding would lead to the renewal of the lease between the Milwaukee Brewers and the District through 2043.

However, before new funding is approved, lawmakers should ask basic questions to make sure that they have all the information that they need to make an informed decision to protect taxpayers. This includes:

- Can the public see the analysis done on behalf of the Brewers and Department of Administration?
- What of these improvements will create greater revenue generation for the Brewers and how will those new revenues be used to help fund future improvements?
- What are the specified terms of the current lease?
- What are the standards mandated by the MLB that this investment will address?
- What did the state learn from the Milwaukee Bucks arena funding debate?

Constitutional Concerns

TALKING POINT: *Given the record of aggressive Executive Branch overreach, any review of Governor Evers' policy priorities requires attentiveness to possible constitutional infringements. Unfortunately, Governor Evers' proposed budget contains a number of constitutional threats.*

The Evers administration's willingness to disregard fundamental constitutional and other legal constraints is proven by the series of court decisions striking down executive actions of the last four years as unlawful. These include rulings that the Governor's proposed race-based state redistricting maps violated the Equal Protection Clause, that Governor Evers' DHS secretary could not confine Wisconsinites to their homes and close all businesses she deemed not "essential," that Attorney General Kaul could not force out of office a lawfully-appointed member of the Natural Resources Board, and that Governor Evers could not use his veto pen to unilaterally transform the budget passed by the Wisconsin Legislature.

Unfortunately, his budget, if enacted, would have the following constitutional concerns:

- **Religious Liberty.** The budget designates "gender identity" and "gender expression" as protected classes under employment discrimination law, likely coercing some with sincere religious beliefs to violate their consciences.
- **Free Speech.** The budget bans companies from labeling wild rice as "traditionally harvested" unless the traditional methods of American Indian tribes or bands are used, establishes a "hate crime hotline" accompanied by data collection and a public education campaign, and compels members of the Joint Committee on Finance who object to items before the Committee to publicly disclose their names and the reason for the objection.
- **Right to Keep and Bear Arms.** The budget establishes a "red flag" procedure allowing law enforcement and family members to petition a court to force an individual to surrender firearms in his or her possession if adjudged an extreme risk and generally requires firearm transfers, including transfers of frames and receivers of firearms, to occur via federally licensed firearm dealers and include background checks on recipients.
- **Equal Protection.** The budget contains numerous potentially race-conscious proposals, which are highly disfavored under the law. These include the creation of a "cabinet-level chief equity officer within the Department of Administration and agency equity officers at 18 state agencies and commissions" who will, among other things, "determin[e] how current government practices and policies impact communities of color." They also include a "state-sponsored annual diversity, equity, and inclusion conference for state and local government employers," a directive that an Office of Environmental justice specifically engage with communities of color, and a grant program for school districts that choose to change race-based mascots and logos.

- **Property Rights.** The budget authorizes local governments to impose moratoriums on eviction actions against tenants, proposes providing a “better balance of rights and protections for landlords and tenants,” and expands eminent domain authority by authorizing certain municipal entities to use the power to build recreational trails, pedestrian ways, and bike paths.
- **Public Purpose Doctrine/Internal Improvements Prohibition.** The budget’s \$290 million grant for American Family Field raises concerns about whether the proposal is consistent with state constitutional requirements that public money be spent only for public purposes.
- **Agency authority.** The budget eliminates the statutory prohibition on judicial deference to agency interpretations of law, removes the provision permitting the Joint Committee for Review of Administrative Rules to suspend administrative rules multiple times, and expands agency rule-making authority.
- **Other Civil Liberties Concerns.** The budget creates a state Office of Homeland Security which will coordinate with other law enforcement agencies to “identify, investigate, assess, report, and share tips and leads linked to emerging homeland security threats.”

Public Safety

TALKING POINT: *While Governor Evers’ budget contains several initiatives that would improve public safety and assist local government with providing services that ensure public safety, it does not make the significant investments in policies that would combat rising crime rates or address prison capacity issues.*

Governor Evers’ budget would:

- Raise the age of juvenile court jurisdiction from 17 to 18 years old. This means that offenders who are 17 years old that commit crimes would be subject to the Juvenile Justice Code rather than the Common Criminal Code.
- Increase the reimbursement rate for private attorneys that take on indigent clients. The hourly rate would be increased from \$70 per hour to \$100 per hour and travel costs from \$25 per hour to \$50 per hour.
- Require District Attorneys to offer first time offenders accused of disorderly conduct a deferred prosecution agreement instead of criminal charges, unless the offender had a previous disorderly conduct conviction or a felony in the past three years.
- Creates an Office of Missing and Murdered Indigenous Women within the Department of Justice.
- Spends \$10 million on a grant program for the police recruitment and officer wellness programs.
- Add 10 new positions and \$2.2 million to this Division of Criminal Investigation, which has statewide jurisdiction and assists local law enforcement.

- Add nine new positions to the Division of Forensic Science, which operates the state crime labs.
- Spend \$16.5 million on pay increase for assistant and deputy district attorneys.
- Spend 7.9 million to add 44.90 new assistant district attorney positions.
- Spend \$6.3 million to add 50 new support positions to the State Public Defender's Office.
- Spend \$14 million to raise the minimum pay of state public defenders to \$35 per hour.
- Add 35 new state patrol officers at a cost of \$12 million.

Local Government Spending

TALKING POINT: *On the heels of massive COVID relief, Governor Evers fuels spending by local governments by giving them 20% of the state sales tax while also allowing Milwaukee County to increase its sales tax and gives other municipalities the ability to do so in the future.*

More State Revenue

Governor Evers' budget creates a new shared revenue appropriation that dedicates 20% of state sales tax collection to local governments. The budget projects this to total more than \$576 million.

- This new program splits the money between counties and municipalities and requires 43.4% (\$250 million) to be spent on law enforcement, fire, emergency medical services, the courts, and district attorney offices.
- The remaining appropriation (\$326 million) will be general aid split between municipalities and county governments. 70% of the money (\$228 million) will go to municipalities and 30% (98 million) will go to county governments. This appropriation will rise and fall based upon future sales tax collections.
- This program would not replace the existing county and municipal shared revenue program, which has totalled \$753 million per year since 2012.

Higher Local Sales Tax

Some local governments have been advocating for the ability to raise sales taxes above their already permitted 0.5% sales tax. The budget allows Milwaukee County to raise local sales taxes by 1% if approved by referendum, to be split 50% going to Milwaukee County and 50% going to the City of Milwaukee.

The budget also allows counties other than Milwaukee County and other municipalities with more than 30,000 people to raise sales taxes by an additional 0.5% if approved by referendum.

RTAs

The budget also creates new local governmental bodies with taxing authority and the ability to use eminent domain - regional transit authorities. Under the budget, these could exist in southeast Wisconsin, central Wisconsin, Fox Valley, and in other metropolitan areas around the state.

Wait, There's More....

TALKING POINT: *Buried deep inside \$100 billion of spending contains a progressive wishlist that lawmakers should know.*

Governor Evers' budget also:

- Creates new requirements that landlords must notify tenants of any possible building or housing code violations prior to lease being signed, regardless of whether or not the landlord has knowledge of any violations.
- Creates an exemption for municipalities and counties to be able to sell wine and beer in a public park.
- Allows bars in Milwaukee, Waukesha, Jefferson, Dane, Racine, Kenosha, Walworth, Rock, Ozaukee, Washington, Dodge, Columbia, Sheboygan, and Fond du Lac counties to stay open until 4 AM during the Republican National Convention in 2024.
- Eliminates the requirement that the Department of Tourism make Wisconsin-made cheeses available at tourist information centers.
- Creates automatic voter registration at DOT and allows voter registration at high schools.
- Shortens voter residency requirement from 28 days to 10 days.
- Provides a general wage adjustment for state employees, a 5% increase in FY 24 and 3% in FY 25
- Transfers \$100 million to the Artistic Endowment Fund, managed by the Wisconsin Artistic Endowment Foundation.
- Creates two new positions within the Secretary of State at a cost \$422,200 over the biennium.
- Increases the annual fees for farmers who operate concentrated animal feeding operations (CAFO) from \$345 to \$545

Missing: Failing to Address Major Challenges in State Agencies

Talking Point: *The past four years have been dotted with the failings of various state agencies. Backlogs, inadequate care for veterans, and lack of transparency in the administration of state programs have all had an impact on the lives of Wisconsinites. This budget falls short in addressing these vital issues for Wisconsinites.*

- Department of Safety and Professional Services. The Governor's budget doesn't contain real solutions to solve the licensing backlog. It simply adds 30 state employees without properly addressing mismanagement or big improvements to the system.
- Department of Veterans Affairs. The Administration has not responded adequately to the poor care provided to our heroes at the Veterans Home at King. This budget fails again, simply offering a study to be completed by June 2025.

What Comes Next?

Over the coming weeks, the Evers administration will market the budget to the public. Starting in April, the Joint Finance Committee starts its work. They will likely put his budget to the side and start from scratch. Although Governor Evers' proposals will still be part of the debate, the legislature will certainly drive the discussion and set priorities for the next biennium. After JFC's work is complete, the budget bill moves to the full Legislature for approval with the goal of having a signed budget by the end of the fiscal year, June 30th.