



Non-Fiscal Proposals At Heart of Stalemate on Budget Adjustment Bill

The state's budget adjustment bill, aimed at closing the shortfall that has opened in fiscal year 2011, has provoked a stand-off in the Wisconsin State Senate and fuelled furious public opposition. The purpose of the budget adjustment bill is to address the gap between revenues and spending that is projected to occur in the remainder of fiscal year 2011, an amount that Governor Walker's administration has estimated at \$137 million. Disagreements over the budget adjustment bill have largely focused on non-fiscal policy provisions in the bill.

At first glance, it would appear that solving the immediate deficit issue for fiscal year 2011 would not be very difficult. A debt restructuring proposal included in the bill would save \$165 million in the current fiscal year, and public employee unions have made key concessions by agreeing to the Governor's demand that they contribute substantially more for health care benefits and pensions.

Opposition to several non-fiscal policy measures included in the budget, however, has led to a political stalemate. The delay has limited the options the state has in closing this year's shortfall, as the process of restructuring state debt requires a certain amount of time to complete prior to the due date of the debt payment. It now appears likely that the deadline for beginning the process has passed.

At the root of that stalemate are numerous non-fiscal policy measures that were proposed by the Governor and approved by the Joint Finance Committee. The Legislative Fiscal Bureau (LFB) is usually asked after each budget is introduced to make a list of the proposals in the bill that are non-fiscal policy items, meaning that they either have no fiscal effect, or that the policy implications outweigh any potential fiscal effect. In other words, these changes will have little or no effect, at least in the short-term, on closing the state's budget gap. Often times the Joint Finance Committee initiates its work on a budget bill by stripping all of the non-fiscal items and directing them to be introduced as separate pieces of legislation, so they can get more deliberative consideration outside of the budget process. That was not done for this budget adjustment bill.

The following are some of the measures included on the [LFB list of non-fiscal measures](#) in the budget adjustment bill. Some of these changes, particularly the ones regarding collective bargaining rights, have attracted statewide and even national attention. Others non-fiscal policy items in the bill have received little attention.

- [Changes to Medicaid](#) – This provision would give the Department of Health Services the ability to rewrite Medicaid policy with little or no input from the Legislature or the public. Decisions made by an unelected state official could supersede state statutes relating to Medicaid services for more than 1.1 million Wisconsinites, including the elderly, people with disabilities, and working families. The changes could affect policies such as eligibility, premiums, services

covered, and a wide range of other important aspects of Medicaid policy. The Fiscal Bureau memo about non-fiscal policy measures states the Medicaid provisions would “remove the entire Legislature from determining substantial elements of the medical assistance program.” (For more information, see [WCCF’s February 17th analysis.](#))

- Changes to Public Employee Collective Bargaining – This action would substantially limit the collective bargaining rights of public employees in Wisconsin, with the exception of law enforcement and firefighters. Public sector unions would not be able to bargain on anything but wages, and those increase could not exceed the inflation rate. The bill would also allow public employees to avoid making payments to unions and require annual certification for unions. This provision has garnered tremendous attention and opposition.
- Repeal of Collective Bargaining Rights for UW System Faculty and Academic Staff – Collective bargaining rights were granted to UW faculty and staff in the 2009-11 budget. This budget adjustment bill repeals those rights.
- Bargaining for Day Care Providers – This would eliminate collective bargaining for child care providers.
- Dissolution of Wisconsin Quality Home Care Authority – The budget adjustment bill would delete all statutory references to the WCHCA, an independent public authority that works to improve the supply and quality of independent home care workers, and would have the effect of eliminating the ability of these workers to bargain with the state.
- Replacement of Classified Positions with Unclassified Positions – This increases the number of positions appointed by the Governor by 37, an increase of 53 percent, giving him greater control over state agencies.
- Transfer of Career Executive Employees – The bill would allow career executives to be transferred among agencies with the agreement of the agency directors.
- Firing State Employees – During a state of emergency declared by the Governor, state employees who do not show up for any three work days may be fired, if the absence is not part of approved leave. Workers who participate in strikes, sit-downs, slowdowns, sick-ins or other job actions may also be fired.
- No-Bid Privatization of State-Owned Power Plants – The state may sell any state-owned power plant or contract for private operations of these plants, without first requiring bids. The Fiscal Bureau did not include this provision in its list of non-fiscal policy items, but has not included any revenue estimates for this change.

Including non-fiscal policy in the state budget is nothing new, and neither are calls to remove non-fiscal policy from the budget. It’s important to remember that these provisions have no fiscal effect in fiscal year 2010-11, and some may not have much fiscal effect beyond that. These policy changes should be considered primarily on their own merits and not in the context of a fast-track bill intended to close Wisconsin’s immediate budget gap. Moving these items into separate bills or at least into the biennial budget bill could help resolve the current budget stalemate.