



# A Summary of the Governor's Proposed Budget for Local Governments

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Governor Walker has proposed a budget that nearly freezes an important funding source for counties and municipalities, which would make it harder for local governments to provide the services that make Wisconsin communities attractive places to do business and raise families. Counties and municipalities depend on the state for about 1 out of every 6 dollars they spend.

The proposed budget also includes tight lids on property taxes, and reduces resources for children in public schools.

The proposed budget now moves to the budget committee of the legislature, where lawmakers will make changes to the state's spending priorities.

## **DIRECT SUPPORT FOR COUNTIES AND MUNICIPALITIES**

Counties, cities, villages and towns rely in part on support from the state for the resources they need to keep communities safe, healthy, and vibrant. Governor Walker has proposed nearly freezing direct support for counties and municipalities in the upcoming budget, allowing just a 0.5% increase over the two year period. He proposes sending \$1.97 billion in direct aid to local governments in the coming two-year period, up very slightly from \$1.96 billion in the last budget.

This near-freeze would not allow many governments to keep up with population growth, and spending will be outpaced by the increase in the cost of living as well. As a result, the capacity of local governments to provide police and fire services, maintain sidewalks and parks, and repair local roads will be diminished.

Direct support for counties and municipalities includes the following categories of state spending: general county and municipal aid; payments that help compensate local government for tax revenue lost due to tax-exempt property within their boundaries; aid that compensates local governments for costs they incur by providing services to public utilities; support for governments that limit the growth in their budgets; and payments for municipal services to state-owned property.

## **CHILDREN AND FAMILY AIDS AND COMMUNITY AIDS**

The proposed budget recommends a small increase in the overall amount of money counties receive for services related to child abuse and neglect, child welfare, and juvenile justice. The amount of federal money counties receive for Children and Family Aids will increase in the next budget, so the Governor recommends reducing the amount of state money provided to limit the increase from all funding sources to \$1.4 million, or 2.1%.

Community Aids support a variety of health services provided by counties, including services for people with mental health needs, Alzheimer's disease, developmental disabilities, and problems with alcohol and

drugs. The budget bill freezes funding for Community Aids. Although the appropriation level increases, that simply reflects that it is being consolidated with an existing appropriation for community mental health services.

## K-12 SCHOOLS AND TECHNICAL COLLEGES

The Governor’s budget essentially reduces support for public schools by \$98 million over the two year budget period, which runs from July 2015 to June 2017. Although the bill increases school aid in the second year of the biennium, districts will generally have to use those funds to reduce property tax levies, rather than increasing spending.

The proposed cut to K-12 public education would come on top of dramatic reductions in resources for public schools that have already occurred. Wisconsin’s cuts to public schools are among the largest in the country.

The Governor proposes accelerating a shift in how state support for the technical college system is allocated, from a formula that takes into account technical college districts’ ability to raise money from property taxes, to a system based on districts meeting certain performance standards. The result could be fewer resources for technical college districts located in poorer parts of the state. The Governor also proposes freezing technical college tuition in programs for which there is a high demand for graduates.

Governor Walker’s budget proposal freezes state support for the technical college system for the next two years. Over the last decade, state support for technical colleges has dropped by a third, not including the state aid that is passed through technical college districts to lower property taxes. Over this same period, the number of students enrolled in the system has increased by about four percent.

### Proposed Changes in Support for Local Governments in the 2015-17 Budget

Proposed changes are shown in comparison to the base year doubled. Dollar amounts are all funds.

| TYPE OF LOCAL AID  | CHANGE, IN MILLIONS | PERCENT CHANGE |
|--|---------------------|----------------|
| Direct support for counties and municipalities             | \$9.7               | 0.5%           |
| Children and Family Aids                                   | \$1.4               | 2.1%           |
| Community Aids (excluding transfer of mental health funds) | \$0.0               | 0.0%           |
| Wisconsin Technical College System                         | \$0.3               | 0.0%           |
| Youth Aids   | \$0.0               | 0.0%           |
| Mass transit   | \$6.4               | 3.0%           |

Source: Analysis of 2013-15 and 2015-17 budget bills. The Governor proposes fully funding an increase for mass transit that began in January 2015; percent change for that measure is compared to the amount appropriated in fiscal year 2015, doubled. Funding change for the Wisconsin Technical College System does not include the effect of the elimination of the Educational Approval Board, which is administratively attached to the WTCS.

## PROPERTY TAX CONTROLS

This budget continues strict controls on the amount of property taxes that local governments are able to raise. Under the Governor’s proposal, counties, municipalities, and technical colleges may not increase the amount of money they raise from the property tax except by the amount of growth in property values due to new construction. For the most part, the Governor’s proposal would not allow school districts to increase property taxes to make up for the decrease in state support.

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