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POLICY BRIEF

# WILL Budget Briefing: A Deep Dive into Governor Evers' 2023-25 Budget

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## Executive Summary

Recently, Governor Evers released his proposed budget for the 2023-25 cycle.<sup>i</sup> As we have done for the governor's previous two budgets,<sup>ii</sup> this document serves to highlight some of the key provisions in the proposal, and shines a light on the areas where legislators and Wisconsinites need to pay attention. In general, the governor's proposal represents a leftward lurch in policy, replete with massive new spending and symbolic proposals that would check the box for various interest groups while doing real harm to Wisconsin families.

### Key Takeaways

**Massive Spending Growth:** Governor Evers proposed budget increases spending by 18.5% compared to the previous budget. GPR spending would rise by 22.85% compared to the previous budget.

**Agency GPR Growth:** Some agencies would see massive growth in GPR spending. For example, the Wisconsin Economic Development Corporation's GPR allocation would grow by 3351%. The Department of Tourism would have a 1027% increase in GPR spending.

**Employment Growth:** The budget would grow the number of full-time equivalent employees by 817.

**Taxes:** Governor Evers budget represents a missed opportunity for transformational tax reform that would improve the state's competitiveness. While Evers touts \$1.2 billion in low and middle-income tax relief, the net effect of his income tax proposals would actually result in a net tax increase of \$43 million.

**DEI:** Governor Evers wants to spend more than \$2.9 million of taxpayer dollars on 15 new executive-tier positions whose mandate is to use government activity to increase "equity."

**Voucher Freeze:** The governor proposes freezing enrollment in Wisconsin's school choice programs at 2024 enrollment levels. This would shut the school house door on thousands of families in Wisconsin desperate for options stuck in schools that aren't working for them.

**End Union Recertification Elections:** Thousands of public-sector workers in Wisconsin have chosen to end their unions in the last decade. Governor Evers would rollback one of the key reforms of Act 10 and end the right of these workers to decide whether local unions are needed.

**Medicaid Expansion:** Governor Evers proposes expanding Medicaid in the state because of the short-term financial gain. However, this would not make more people eligible for health insurance who do not already have it and would cost over \$600 million to Wisconsin families in the long-run.

**Minimum Markup:** The governor wants to exempt motor vehicle fuel from the Unfair Sales Act which would lower gas prices in the state. However, the artificial inflation of prices affects almost all goods under this law and this law should be repealed entirely.

**Work Requirements:** Able-bodied adults are required to participate in the Food Share Employment and Training program to continue receiving Food Share benefits after the first three months. Governor Evers would repeal this requirement despite the economic and personal benefits they bring to the state and its participants.

**Housing:** Governor Evers proposes to address Wisconsin's lack of affordable housing not by advocating local-level reform and enabling market responsiveness, but by calling for state-level funds to be doled out to the municipal governments that are making housing expensive in the first place—all to the tune of \$150,000,000 in grants.

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## Increased Spending

As the Wisconsin Legislature begins its 2023-25 budget deliberations; the state is experiencing its strongest fiscal position ever with an estimated \$7.1 billion surplus expected at the beginning of the next fiscal year.<sup>i</sup> As a result of pandemic related enhanced Medicaid reimbursement rates from the federal government, the state's Medicaid surplus sits at a staggering \$774.8 million.<sup>ii</sup> Finally, the state's rainy-day fund sits at a record \$1.7 billion.

It's worth noting that Wisconsin's strong fiscal position is a result of the legislature's fiscal restraint during the previous budget deliberations, as well as the substantial amount of federal money that has been infused into state coffers in response to the COVID-19 pandemic. From March 2020 to June 2022, Wisconsin received \$5.7 billion in supplemental federal funds from the CARES Act, Consolidated Appropriations Act of 2020 and ARPA. However, according to a recent audit conducted by the Legislative Audit Bureau, it is estimated that the state has yet to spend around \$1.9 billion of the federal money.<sup>iii</sup>

Governor Evers' budget proposal would significantly increase the state's financial commitment, with the total budget expected to grow to \$103.8 billion, marking an 18.5% increase over the previous budget. The biennial state General Purpose Revenue (GPR) obligations would also grow by 22.85%, going from \$39.2 billion to \$48.2 billion over the course of the biennium. Perhaps most perplexing, is that his agencies requested approximately \$5.2 billion less than what the governor allocated, representing a 10.8% difference. Figure 1 on the following page shows the percent change in spending under Governor Evers' proposed budget compared to previous years. As you see there is a massive upward spike in year one of the budget before it levels out.

### Figure. 1 Percentage Change in Spending by FY

Year-over-year % Change in FY Spending

FY 2024 figure is the Governor's proposal

Source: <https://docs.legis.wisconsin.gov/misc/lfb/budget>

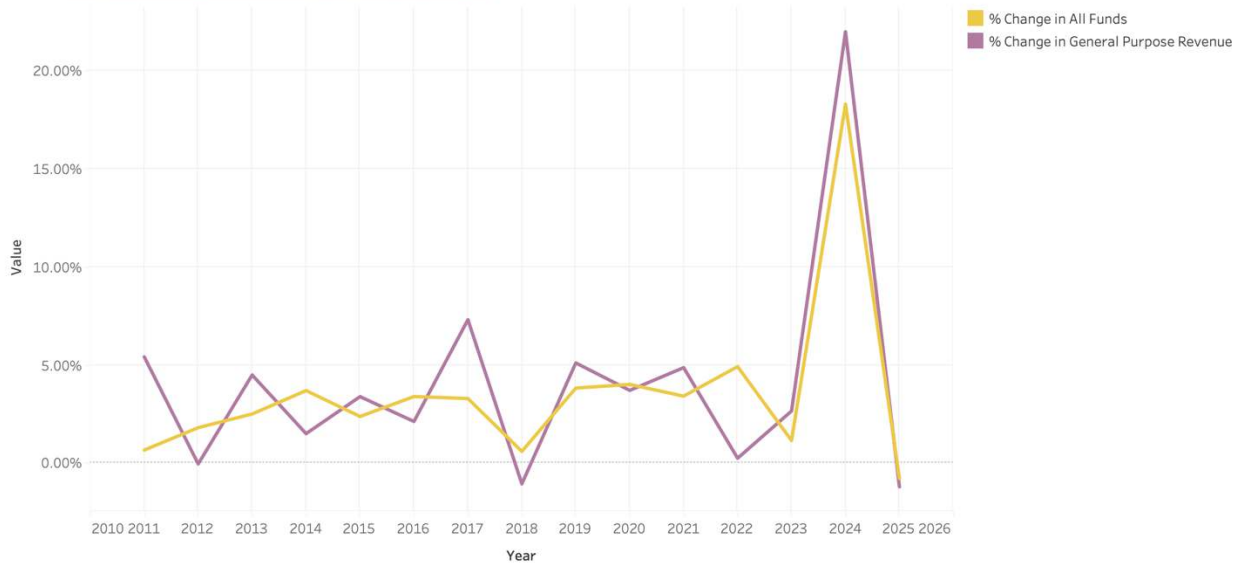


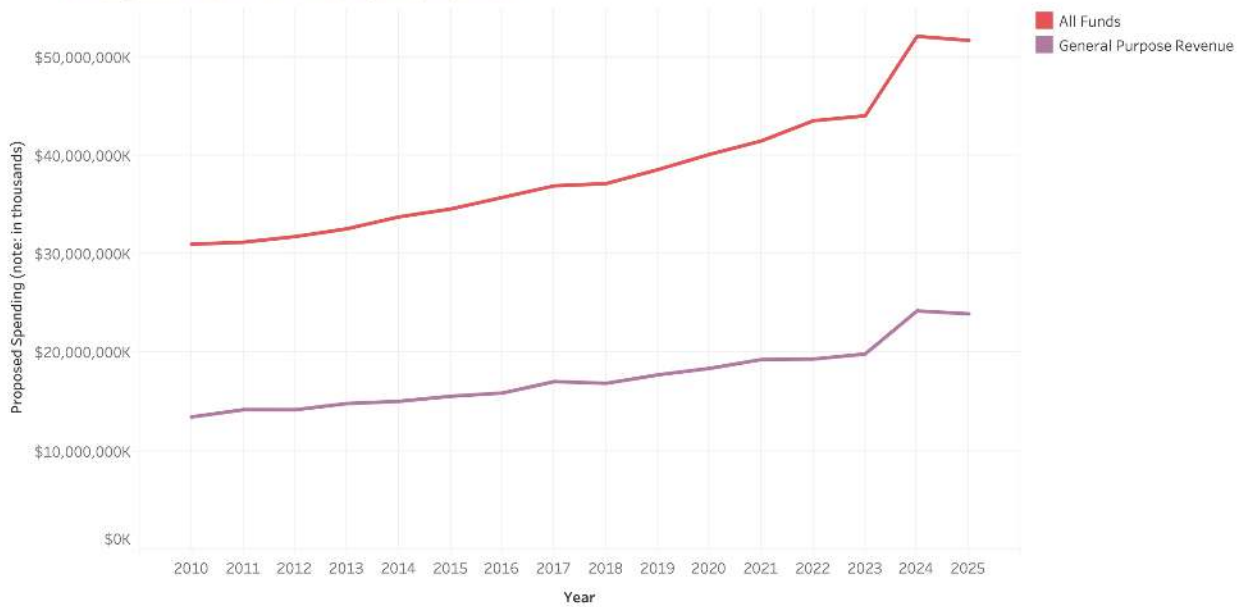
Figure 2 shows the overall annual all funds and GPR spending since 2010.

### Figure 2. Total Spending (All Funds vs. GPR)

Spending Each Fiscal Year

FY 2024 and 2025 figures are the Governor's proposals

Source: <https://docs.legis.wisconsin.gov/misc/lfb/budget>



## Agency Growth

Some agencies would also see massive increases in GPR spending under the proposed budget. See below for some of the largest increases.

- **Administration – 282% increase**
  - In Fiscal Year 2024, the Department of Administration's budget explodes by \$927 million over 2023 base level spending, or nearly 282% in growth. Much of this growth can be attributed to using one-time surplus dollars for grant programs or handouts. This includes items such as:
    - \$300 million to extend ARPA grant programs for an additional year
    - \$290 million for American Family Field repairs
    - \$262 million for “affordable housing” initiatives
- **Agriculture, Trade and Consumer Protection – 81.2% increase**
  - DATCP agency staff requested \$66.2 million in GPR support over the biennium. Governor Evers’ proposed budget instead gives the agency \$112 million. The difference is represented by a \$42.2 million increase in funding for a combination of existing and newly created grant programs.
- **Environmental Improvement Program – 3068% increase**
- **Tourism – 1027% increase**
  - \$37 million in marketing and advertising funds.
  - \$30.1 million for an Opportunity Attraction and Promotion Fund to recruit large-scale events to Wisconsin.
- **Wisconsin Economic Development Corporation – 3351% increase**
  - Funding to the state’s economic development agency would explode under the governor’s proposal, with
    - \$50 million in handouts to aid new businesses that occupy vacant commercial spaces.
    - \$75 million to create a state-backed venture capital fund. Last legislative session, WILL and other free-market organizations raised concerns about risking taxpayers' dollars on venture capital funding.
    - \$40 million in 2024 for an ambiguous program called “temporary additional economic development support.”
- **Workforce Development – 436% increase**
  - \$200 million in “Workforce Innovation Grants” in 2024.
  - \$2 million in 2024 to establish a Green Jobs Corps in Southeast Wisconsin.
  - \$10 million for Clean Energy Training and Reemployment Program.

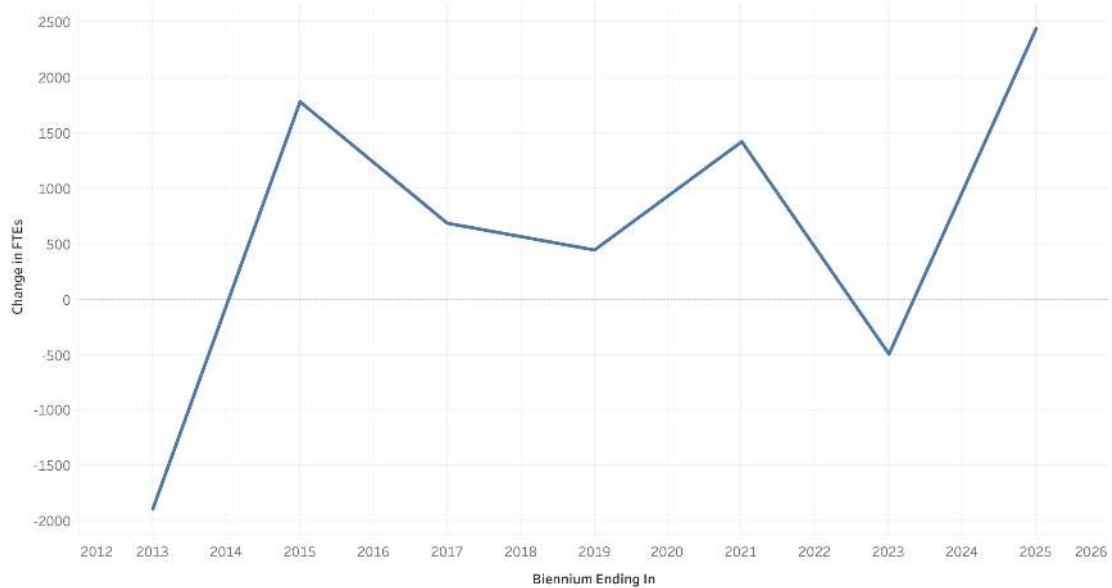
## Staffing Levels

Governor Evers' proposed budget also includes an unprecedented growth in full-time equivalent (FTE) employees at the state level. The state is currently authorized to hire up to 72,916 FTEs. Under Evers' plan, that number would grow over the course of the biennium by approximately 817 FTEs. As Figure 3 below shows, this would be the largest growth of government employees in a budget since 2013.

**Figure 3. Change in FTEs Compared to Previous Budget**

Change in Full-Time Equivalents Compared to Previous Biennium

Source: <https://docs.legis.wisconsin.gov/misc/ifb/budget>



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## Taxes

### Income Taxes

There are a number of provisions in the governor's proposal that effect income tax payments. By far the largest component is a middle-class income tax cut that is estimated to reduce taxes for individuals who make less than \$100,000 and couples who make less than \$150,000. But while the headlines have focused on this cut, there are a number of other tax changes under the surface which make this a budget far less friendly to Wisconsin taxpayers.

Table 1 on the following page lists all of the income tax related provisions in the budget, and whether their net impact is a tax cut (positive value) or tax increase (negative value).

**Table 1. Net Effect of Income Tax Proposals**

<b>Income Tax Changes</b>	<b>Total (Millions)</b>
FAIR Credit (10% Middle Class Cut)	\$839.6
Caretaker Tax Credit	\$195.0
Child & Dependent Care Expansion	\$55.1
Refundable Research Credit Increase	\$80.5
Manufacturer & Ag Credit Changes	-\$655.1
Capital Gains Limitation	-\$339.4
2017 Tax Cut and Jobs	-\$388.2
Home Buyer Credit	\$4.8
Private School Tuition Subtraction Limit	-\$13.0
Retirement Income Exclusion Changes	\$16.2
Disability Income Exclusion Changes	\$0.5
EITC	\$124.5
Universal Changing Stations	\$15.9
Flood Insurance Tax Credit	\$0.8
State Housing Tax Credit	\$8.7
Dividend	\$6.4
Net Carryback Changes	\$4.4
<b>Net</b>	<b>-\$43.3</b>

While the top line tax cut will probably appeal to many across the state, the reality is that the net of the Governor’s proposals is actually an increase in income taxes of more than \$43 million. The biggest offenders here are changes to the Manufacturer and Agriculture tax credit, which would reduce the production activities that qualify for the credit to the first \$300,000. The next largest impact comes from bringing the Wisconsin tax code into sync with the 2017 federal Tax Cuts and Jobs Act.

With a \$7.1 billion surplus, there is an opportunity to significantly improve Wisconsin’s tax climate and make transformational change. According to the Tax Foundation, Wisconsin has the 13<sup>th</sup> highest per capita tax burden in the nation.<sup>iv</sup> Wisconsin is facing significant demographic challenges, including low population growth and low in-migration. These trends are contributing to an aging population, a shrinking workforce, and a potential decline in economic growth in the state. Evidence suggests that states with below-average state and local tax collections per capita experience the strongest inbound migration.<sup>v</sup> If Wisconsin wants to become more economically competitive and attractive, it must take bold action to reduce the tax burden it places on families.

### **Property Taxes**

Fewer budgetary provisions deal with property taxes in this year’s budget. The largest among them would repeal the personal property tax in 2024. This was included in the previous budget, but Governor Evers vetoed it out before eventually having a change of heart. In total, property tax provisions in the budget would lead to approximately \$353.7 million back to Wisconsin

taxpayers, albeit in a relatively targeted manner. These figures do not include property tax implications from changes to shared revenue or K-12 education funding.

**Table 2. Net Effect of Property Tax Proposals**

<b>Property Tax</b>	<b>Total (Millions)</b>
Veterans & Surviving Spouses Property Tax	\$43.2
Veterans & Surviving Spouses Property Renters	\$10.3
Homestead Credit	\$99.4
Personal Property Tax	200.8
<b>Net</b>	<b>\$353.7</b>

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## Education Policies

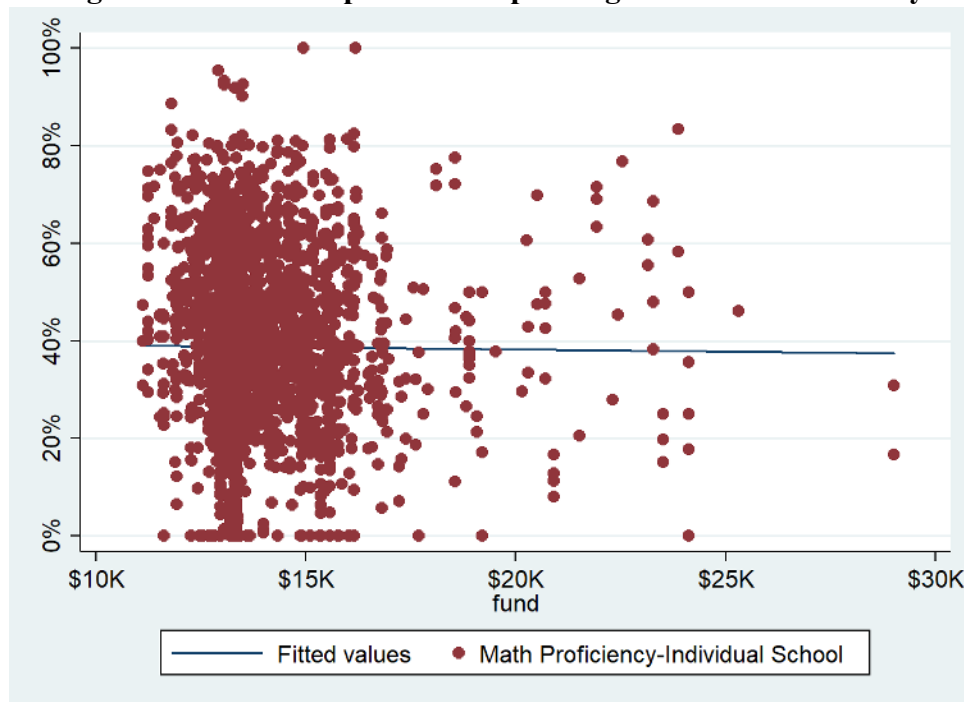
### Increases in Public School Spending

The governor has proposed increasing spending for the Department of Public Instruction (DPI) by a staggering \$2.6 billion. While we grant that some increases may be acceptable given the extremely high inflation the United States has experienced in recent years, the increases proposed here are completely unreasonable.

Decades of evidence suggests that public schools are well past the point of “diminishing returns,” where additional spending does not lead to significant educational benefits for students. The figure below, reproduced from our *Apples to Apples* report,<sup>vi</sup> shows the relationship between district spending and math proficiency across Wisconsin’s public schools. As can be seen, the relationship is essentially non-existent, or even slightly negative.



**Figure 4. Relationship Between Spending and Math Proficiency**



Districts like Milwaukee that have revenue per student of more than \$17,500<sup>vii</sup> regularly have proficiency rates of less than 10% on the state exam, and exacerbate some of the worst racial achievement gaps in the nation. There is no reason to expect that rewarding this failed system with even more funding will lead to different results. Policymakers must target any additional funding to specific programs that have shown success in improving problem areas like literacy.

### Voucher Freeze

Wisconsin is home to the nation's oldest school voucher program in Milwaukee. In recent years, school choice has expanded statewide through the Racine and statewide parental choice programs. After years of study, the benefits of private school choice in Wisconsin have become clear. Students who participate in school choice in Wisconsin have been shown to have a greater likelihood of attending and graduating from college<sup>viii</sup> and lower rates of involvement in criminal activity.<sup>ix</sup> In five years of WILL's Apples to Apples report, we have continually found higher performance on state exams when schools are analyzed on a level playing field.

In recent years, more and more families have taken advantage of the benefits offered by private schools. Since 2016, enrollment in private school choice has increased by about 55% to more than 50,000 students. While a boon to Wisconsin families in need of educational options, the program is seen as a threat to the public-school establishment. Consequently, Governor Evers

has included a freeze on enrollment in his budget proposal. He has included a similar idea in each of his budgets.<sup>x</sup>

It is hard to overstate the harm a freeze would do to school choice in Wisconsin. Currently outside of Milwaukee and Racine, the number of students who can utilize school choice is capped at a certain percentage of the district's enrollment. For the 2023-24 school year, this limit is 8% of a district's total enrollment. This limit is set to increase by 1% per year until the 2026-27 school year when the caps would come off.<sup>xi</sup>

These low caps mean that private schools outside of Milwaukee can usually only admit a small percentage of students on the voucher. Consequently, schools that would primarily be focused on serving students on the voucher are simply not viable. In this way, the governor's plan to freeze the choice programs would likely prevent thousands of families from escaping schools that don't work for them in the coming years. Since his time as Superintendent of the State Department of Public Instruction, Governor Evers has been an opponent of private school choice. The inclusion of this item in his budget shows that his philosophy hasn't changed.

### **Private Teacher Licensure Changes**

Under the governor's budget, most teachers in private schools in the state's choice programs would be required to obtain a teaching license from DPI. Currently in Wisconsin, private school teachers are required to hold a bachelor's degree, and schools are required to be accredited by one of the organizations listed in state law.<sup>xii</sup> While this provision may sound somewhat innocuous on its face, the implications could be devastating for private schools around the state.

Schools in Wisconsin, regardless of sector, are currently struggling to fill teaching positions.<sup>xiii</sup> Schools in Wisconsin's parental choice programs, which receive approximately 60% of the revenue of their public-school peers, struggle to compete for teachers. A lack of funding, and the resulting staffing shortages were major reasons cited by HOPE Christian High School in Milwaukee when they closed their doors at the end of the 2021-22 school year.<sup>xiv</sup> Placing this new requirement on private schools that are already struggling is simply untenable.

The reality is that private schools in the state's choice programs already have the ultimate form of accountability from parents. While public schools that struggle are often rewarded by taxpayers with additional funding, private schools that don't meet the needs of families face shut down.<sup>xv</sup> This proposal from Governor Evers is a solution in search of a problem, and little more than a way to score political points for public-school allies.

### **Grow Your Own Educator Grant Program**

One proposal that might be worthy of further exploration is a \$5 million grant program to help reimburse the costs of Grow Your Own Educator programs for public and independent charter schools. Grow Your Own Educator Programs are similar to an apprenticeship model, where a school district and an Educator Preparation Program partner to train individuals looking to enter the teaching field.<sup>xvi</sup> They pair on the job-training along with classroom instruction to get potential educators trained to teach. This innovative and local solution to addressing teacher shortages in districts has been adopted in states across the country in some fashion.

Each program is unique, but all offer paths towards teacher licensure or certification. These programs offer benefits such as tuition reimbursement, mentorship and classroom experience while participants earn a bachelor's degree or new certification. Districts can recruit from recent high-school graduates, paraprofessionals, district staff, career changers or retirees, focus the program on specific subject areas that the district faces shortages in, and hire the participants into vacant positions upon completion.

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## Healthcare Policies

### Medicaid Expansion

Governor Evers has proposed expanding Medicaid once again, which would make individuals up to 138% of the federal poverty level eligible for the program. Currently, the federal government offers a higher reimbursement rate to states that take expansion of 90% of the cost of care to incentivize the expansion of the program.<sup>xvii</sup> Proponents of expansion believe that the state should not leave this money on the table, as the extra money from the federal government would be beneficial short-term. However, the long-term costs are greater. Medicaid expansion would force low-income individuals from subsidized private insurance onto Medicaid rolls, potentially leading to worse healthcare outcomes, shifts in resources away from the most vulnerable populations and higher private insurance costs.

Of the twelve states that have not expanded Medicaid, Wisconsin is the only one that does not have a coverage gap.<sup>xviii</sup> This refers to those whose incomes make them ineligible for both Medicaid and subsidized private insurance on the federal marketplace. In 2010, Governor Walker passed legislation that ensures everyone is eligible for one of the two groups. This creates a unique problem for Medicaid expansion in Wisconsin because we would not be providing coverage for those who don't have it, but rather shifting people to Medicaid from subsidized private insurance.

This may also increase costs for private insurance holders. Medicaid only reimburses part of the cost of care, so each Medicaid patient who receives care from a hospital actually loses money for the hospital. As a result, hospitals will shift the cost onto patients whom they are able to charge a higher rate—those with private insurance. In a 2019 study done by WILL, it was estimated that this would cost private insurance holders an additional \$600 million, or \$700 for a family of four per year.<sup>xix</sup>

In addition, individuals being moved onto Medicaid could receive lower quality care. Access to healthcare in the first place would be more difficult as doctors are less likely to accept Medicaid patients. Medicaid patients are also less likely to receive evidence-based treatments, have higher mortality rates, and worse outcomes with certain cancers.<sup>xx</sup> Recent research from the Mercatus Center also suggests that Medicaid expansion shifts resources away from low-income children.<sup>xxi</sup> Between 2013 and 2019, non-expansion states increased spending on children by 22.7%, a stark contrast from the 5.9% increase in expansion states.

## Dental Therapy

One item worthy of praise in the governor’s budget is a provision to create a dental therapy license. Dental therapists are mid-level practitioners who work under a dentist, but in the states where they are able to practice, can do so after only receiving a bachelors or master’s degree in the field. This is much different than dentists who must receive a doctorate degree in dentistry to practice. Thirteen states, including Michigan and Minnesota, have authorized dental therapists in some form.<sup>xxii</sup>

Dental therapy is important because, for many Wisconsinites, dental care remains out of reach both financially and geographically. Many companies do not offer dental coverage through their health plans, and the costs of routine procedures can be too much for low and middle-income families to afford. Moreover, some regions of the state lack sufficient dentists to meet the need.<sup>xxiii</sup>

In addition to the potential for lowered costs, a dental therapy license may help increase access to dental care for rural residents. Dental therapists are generally allowed to work outside of the physical presence of the dentist who is the supervisor, which can enable them to travel to isolated communities that lack access to care. They are authorized to conduct routine procedures such as filling cavities and conducting non-surgical extractions of teeth. The dental therapy license is an idea that has received bi-partisan support in Wisconsin already— having previously supported by the governor and members of the legislature.<sup>xxiv</sup>

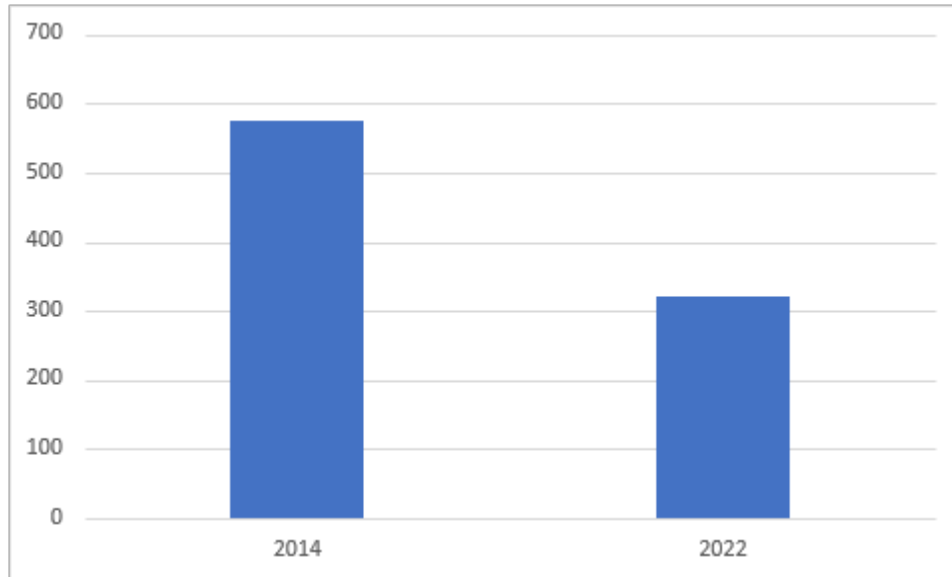
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## Labor

### Ending Union Recertification

Since the passage of Act 10, public employee unions have had to hold annual recertification votes to determine whether employees still want to be represented by a union. Despite the rhetoric from the loudest voices that unions are important for Wisconsinites, many unions throughout the state have chosen not to recertify in recent years. Since 2014, the number of public sector unions annually holding recertification elections has dropped from 575 to 322—a 44% decrease.<sup>xxv</sup>

**Figure 5. Number of Unions Holding Recertification Elections-Wisconsin**



Despite this reality, Governor Evers’s budget proposes removing the provision for annual recertification elections. Instead, unions would continue in perpetuity, whether they serve the interests of their membership or not. This represents an unwinding of the reforms of Act 10 that substantially benefited Wisconsin taxpayers. The MacIver Institute has estimated that Act 10 has saved the state more than \$15 billion since its passage.<sup>xxvi</sup> Moving backward on this issue will make Wisconsin less competitive with other states, and drive up the cost of government and therefore the cost of living in the state.

### Right to Work Repeal

After an extensive fight, Wisconsin was able to pass right to work (RTW) legislation in 2015.<sup>xxvii</sup> As a state of the industrial Midwest, forced union membership was well established. But just once again in his budget, Governor Evers seeks to reverse this progress. A repeal of RTW could have severe, negative consequences for employment in the state. A 2006 study<sup>xxviii</sup> found that RTW laws were associated with a 2.12% increase in the share of jobs in manufacturing across the country. The reversal of such laws would be expected to have a similarly detrimental effect on employment. Wisconsin has the highest share of manufacturing jobs per capita of any state in the country,<sup>xxix</sup> meaning that the consequences here could be even more dramatic.

But perhaps even more fundamental than the employment implications is the simple notion that a person should have a right to conduct their work life as they see fit, free of the need to spend a portion of their salary to fund an organization that may or may not represent their best interests. Governor Evers shouldn’t be able to force workers to support organizations that may work against what they fundamentally believe.

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## Diversity, Equity and Inclusion Initiatives

The governor’s proposed budget would spend nearly \$3,000,000 over the next two years funding Agency Equity Officer positions and even a “cabinet-level chief equity officer.” Under this

proposal, each cabinet level agency would have at least 0.5 FTE dedicated to DEI initiatives. This spending also makes up part of the governor’s proposed doubling of the budget for the Department of Administration (DOA): here, the governor proposes not merely an Agency Equity Officer position but, in addition to that, “The establishment and funding to support a state government-sponsored diversity, equity and inclusion conference.” The governor’s budget is tight-lipped on specifics, disclosing no official scope for the mission of these executives beyond “to identify opportunities to advance equity in government operations, including determining how current government practices and policies impact communities of color and individuals with disabilities.”

He also proposes “expanding the Wisconsin Supplier Diversity Program to include supplier certifications for all veteran-owned business enterprises, persons with disability-owned business enterprises, and lesbian-, gay-, bisexual- and transgender person-owned business enterprises and modifying related statutory purchasing goals.” This scheme betrays the government’s fiduciary duty to taxpayers to manage funds responsibly by connecting government services to such irrelevant factors as business owners’ sexuality.

**Table 3. FTEs in Diversity, Equity, and Inclusion Positions**

Page	FTEs	Revenue Source	FY24	FY25	Section
41	2	GPR/PR-S	\$ 347,500.00	\$ 404,500.00	Administration
80	0.5	GPR	\$ 37,800.00	\$ 48,600.00	ATCP
124	1	GPR	\$ 75,100.00	\$ 96,400.00	Children and Families
154	1	GPR	\$ 76,600.00	\$ 98,500.00	Corrections
236	0.5	PR-O	\$ 36,700.00	\$ 47,100.00	Financial Institutions
296	1	GPR	\$ 74,800.00	\$ 96,100.00	Health Services
334	0.5	PR-O	\$ 36,600.00	\$ 47,000.00	Commissioner of Insurance
373	1	GPR	\$ 72,900.00	\$ 93,500.00	Justice
436	0.5	GPR	\$ 37,900.00	\$ 48,700.00	Military Affairs
476	1	SEG-O	\$ 77,500.00	\$ 99,600.00	Natural Resources
526	1	GPR	\$ 74,900.00	\$ 96,200.00	Public Instruction
551	0.5	PR-O	\$ 35,900.00	\$ 46,000.00	Public Service Commission
572	1	GPR	\$ 74,800.00	\$ 96,000.00	Revenue
591	0.5	PR-O	\$ 37,600.00	\$ 48,300.00	Safety and Professional Services
647	0.5	GPR	\$ 38,100.00	\$ 48,900.00	Tourism
671	1	SEG-O	\$ 75,700.00	\$ 97,200.00	Transportation
708	0.5	SEG-O	\$ 38,600.00	\$ 49,600.00	Veterans Affairs
745	1	PR-S	\$ 76,100.00	\$ 97,800.00	Workforce Development

TOTAL	15		\$ 1,325,100.00	\$ 1,660,000.00	All
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## Other Issues

### Repeal of FoodShare Work Requirements

Governor Evers has proposed repealing work requirements for certain able-bodied adults who are not exempt from the FoodShare employment and Training (FSET) program. Currently, 2017 Wisconsin Act 264 requires that all able-bodied adults, who do not care for dependents under the age of six, to participate in the FSET program to be eligible for their FoodShare benefits.<sup>xxx</sup> Evers’ proposal would change Act 264 to make it so able-bodied adults with children under the age of 18 can also be exempt from work requirements.

When first enrolling in the FoodShare program, able-bodied adults who are required to participate in the FSET program are allowed to receive benefits for three months before the requirements take effect. After three months on the program, they are required to work or participate in job training for 80 hours per month.<sup>xxxii</sup> Current exceptions for participating in the FSET program, in addition to caring for children under six, include caring for someone who cannot care for themselves, pregnancy, attending school full or part-time, physical or mental barriers, working more than 30 hours a week, being homeless for more than 30 days, and participating in other government benefits with separate work requirements.<sup>xxxiii</sup>

For those who do have to comply with the work requirements, it ensures that they are finding a sense of purpose and taking steps to improve their financial situation while they receive support. Additionally, measurable, positive impact from work requirements have been proven in the past. A study done by WILL in 2020 found that 28,000 people joined the workforce in Wisconsin, between 2015 and 2019, as a result of work requirement reforms. Additionally, labor force participation rose by 0.62% and unemployment decreased by 0.53%.<sup>xxxiv</sup> The Department of Health and Human Services and the Department of Education did a study of 11 programs with “job-first” and “education-first” requirements. It found that those programs with “job-first” requirements had impressive work gains over a five-year period. There was an average rise in number of quarters worked that was between 8% and 21.1%, with similar increases in wages.<sup>xxxv</sup>

### Housing

In his budget address, Governor Evers turned to Wisconsin’s lack of affordable housing. He’s not wrong when he says that “we need to make sure Wisconsin workers and families . . . have housing in our communities.” What’s unfortunate is that the governor’s solutions miss the mark. When it comes to affordable housing, it’s much like President Reagan said in his first inaugural address: “In this present crisis, government is not the solution to our problem; government is the problem.” But the governor’s agenda seems exclusively focused on government spending and programs. He wants the Department of Administration to “Provide funds to build affordable and accessible units meeting local needs” or to create “a grant program that provides funding to local municipalities to encourage the development of additional affordable workforce housing in the

state.” The price tag on this grant program is \$150 million. Other housing grant programs bring the total price tag closer to \$262 million.

WILL research has shown that government regulations are adding almost \$100,000 to the cost of each newly built home in Wisconsin.<sup>xxxv</sup> For Wisconsin housing to become more affordable, government needs to do less—not more. Local governments are perfectly capable of getting out of the way and allowing affordable housing to be built within their jurisdiction. The governor’s plan would involve more centralized power to tax and spend all while, ultimately, incentivizing the antagonistic kinds of local government practices that are making housing unaffordable in the first place.

### **Repeal of Minimum Mark-Up on Fuel Sales**

Governor Evers recommends modifying the 1939 Unfair Sales Act to exempt motor fuel from minimum price markups. This law, also known as the “Minimum Markup” law, prohibits all Wisconsin retailers from selling merchandise at a price below the cost. This was a great depression policy that was meant to prevent large companies from lowering prices to push out competition, and later creating monopolies and rising prices. This concern is not realistic today,<sup>xxxvi</sup> and this law has been called unnecessary by the Federal Trade Commission due to federal anti-trust laws.<sup>xxxvii</sup>

Modifying this law to stop the artificial inflation of motor fuel is a step in the right direction to lower gas prices for consumers. However, this law applies to almost all merchandise, including other essential items like food and prescription drugs which also need to be more affordable.<sup>xxxviii</sup> A full, not partial, repeal of the Unfair Sales Act is the best path forward to lower prices in Wisconsin.

### **Open Records Threshold**

Under current law, when an entity requests records, government officials who hold those records are only able to charge them for the costs to locate those records if that cost will exceed \$50. This number was set years ago and has not been adjusted to reflect inflation—meaning more and more record requestors are asked to pay these “location fees” just to obtain public records. Higher costs to obtain records means less records being turned over. The governor’s proposal to raise this threshold from \$50 to \$100 is a good one, and will limit the number of location fees that have to be paid. This is a good move for government transparency and oversight.

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<sup>i</sup> [https://docs.legis.wisconsin.gov/misc/lfb/revenue\\_estimates/186\\_january\\_25\\_2023.pdf](https://docs.legis.wisconsin.gov/misc/lfb/revenue_estimates/186_january_25_2023.pdf)

<sup>ii</sup> [https://docs.legis.wisconsin.gov/misc/lfb/revenue\\_estimates/186\\_january\\_25\\_2023.pdf](https://docs.legis.wisconsin.gov/misc/lfb/revenue_estimates/186_january_25_2023.pdf)

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