

Committee Name:
Senate Committee –
Judiciary, Corrections and Privacy
(SC–JCP)

Appointments

03hr_SC–JCP_Appt_pt00

Committee Hearings

03hr_SC–JCP_CH_pt00

Committee Reports

03hr_SC–JCP_CR_pt00

Clearinghouse Rules

03hr_SC–JCP_CRule_03–

Executive Sessions

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Hearing Records

03hr_ab0000

03hr_sjr0076a_pt02

Misc.

03hr_SC–JCP_Misc_pt00

Record of Committee Proceedings

03hr_SC–JCP_RCP_pt00



Memo

To: Members of the Wisconsin Legislature

From: James Buchen, VP, Government Affairs

Date: July 27, 2004

Re: Constitutional Amendment to Limit Government Spending

Wisconsin Manufacturers and Commerce (WMC) strongly supports the proposed Constitutional limit on state and local government spending as defined in the Legislative Fiscal Bureau memo dated July 26, 2004.

The proposal limits all government spending to 90% of the percentage change in a three-year rolling average of statewide personal income. If state spending had been limited to 90% of personal income in 2002, State's spending would have been \$10.59 billion rather than \$11.25 billion; school spending would have been \$6.8 billion rather than \$8.3 billion; county spending would have been \$3.2 billion rather than \$4.2 billion; municipal spending would have been \$5 billion rather than \$5.1 billion; and Wisconsin Technical College spending would have been \$643 million rather than \$724 million -- a savings to the taxpayer of over \$3 billion.

The proposal also addresses concerns about local control by allowing voters to decide directly whether they want to increase taxes through the referendum process. It exempts smaller towns from the referenda process by allowing spending above the caps by a resolution at a town meeting. The proposal also provides flexibility by allowing the legislature to take into consideration growth in local communities through the legislative process.

Finally, it includes a provision that requires a budget stabilization fund that must equal 3% of general purpose revenue expenditures.

This Constitutional Amendment is a long overdue approach to government spending that is needed in Wisconsin. According to the non-partisan Tax Foundation, Wisconsin's state and local tax burden as a percentage of income increased from 7th highest in the nation in 2003 to 6th highest in 2003 -- obviously, a move in the wrong direction for the state.

This worsening of our tax burden and Wisconsin's history of high local government spending further demonstrates the need for limits on government spending. Time is running out to have the proposal on the 2006 ballot. It is important for citizens to have an opportunity to be heard on government spending and tax issues.

Without quick passage of the Constitutional amendment, current state and local government spending trends will remain on 'automatic pilot'.

SJR-76

It means risking additional tax increases on Wisconsin's citizens and/or businesses – increases Wisconsin families cannot afford.

For these reasons, WMC urges the legislature to pass a constitutional amendment that limits government spending at all levels.

TAX FACTS

- **Taxes and Spending**
- **State and Local Tax Burden:** Wisconsin's state and local tax burden as a percentage of income increased from 7th highest in the nation in 2003 to 6th highest in 2004.
- **Overall Tax Burden:** Wisconsin consistently ranked in the top ten in state and local tax burden. Wisconsin's overall state and local tax burden ranked in the top 5 highest taxed states in the nation since 1991 and in the top 10 for at least three decades except for one year.
- **Income Taxes:** Wisconsin ranks 5th highest in individual income taxes. Wisconsin also has one of the highest income taxes for higher income individuals.
- **Property Taxes:** Wisconsin's ranks 11th highest in property taxes in the country. Property taxes have increased 37% in the last ten years and are 23 percent above the national average. Wisconsin's high property tax burden is due to above-average levels of local government spending – county, municipal and k-12. It is due to the system we have of raising our tax revenue at the state level and sending it back to local governments and schools. This system promotes more government spending, less accountability and has not provided property tax relief as it was intended.
- **County Spending:** During the 1990's spending by counties rose faster than inflation and personal income. County spending increased 78.6% or an average of 6.7% annually, from \$2.02 billion in 1990 to \$3.62 billion in 1999.
- **K-12 Spending:**
 - ✓ Over \$8.4 billion is spent annually in Wisconsin on K-12 education and the average amount spent per pupil is \$9,643. K-12 spending per student is nearly 17% higher than the national average. Iowa in contrast spends
 - ✓ Teacher salaries in Wisconsin are among the highest in the country ranking 4th highest in the nation when adjusted for the cost of living. The average teacher salary in Wisconsin is \$41,056 while the average private sector salary in Wisconsin is \$30,843.

■ **Public Employee Pay**

- ✓ Although average pay in Wisconsin's private sector trends to be less than the national average, but public sector pay rates are higher than average.
- ✓ In 2000, full time state and local public employment in Wisconsin paid an average of \$19.16 per hour or \$39,853 per year, which was 2.9% higher than the national average at \$38,688.
- ✓ In 2000, average pay for local government employees was \$38,521, which is 1.3% above the national average. Average pay for state employees in 2000 was \$44,518, which was tenth highest in the nation. The national average was \$40,489. Private sector average pay during the same time was \$29,972.

■ **Public Employee Fringe Benefits**

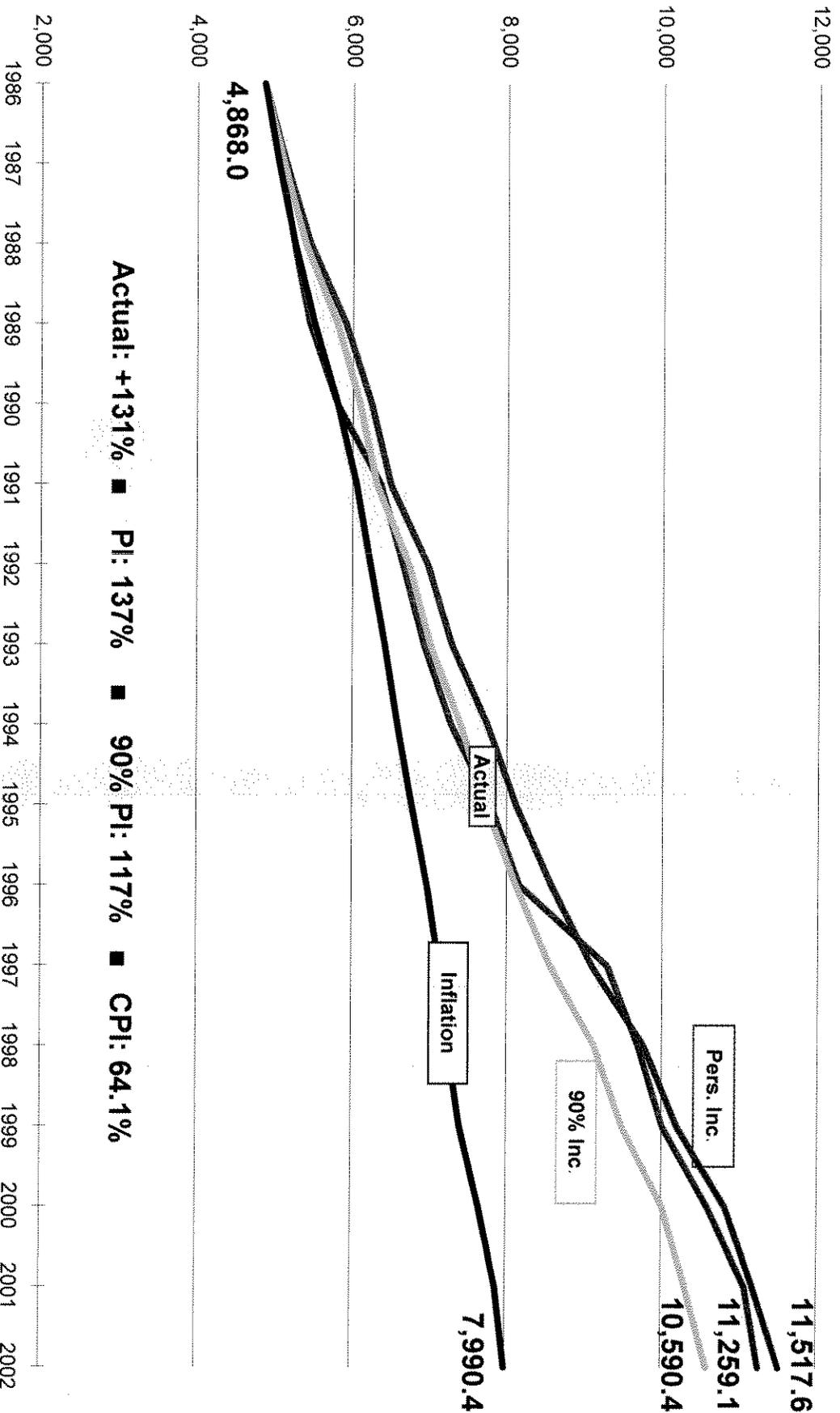
- ✓ Private sector workers in Milwaukee pay 20% or more of the health insurance premiums, whereas most government and school district employees pay 5% or less toward their health insurance premiums.
- ✓ The amount Wisconsin school districts paid per pupil on fringe benefits for teachers is Wisconsin are 52% above the U.S. average or 4th highest in the country.
- ✓ In 2001-02, 249 of the state's 426 school districts paid 100% of the premium for single health insurance coverage; 184 paid all of the family premium.
- ✓ More specifically, a single Wisconsin teacher paid 3.1% of their health insurance premium in 2001, while their private sector counterpart contributed 14.6%. Family premiums paid by teachers were 4.5%, while private sector families contributed 21.2% to health insurance premiums.

■ **Polling**

- ✓ According to a survey conducted in February, 74 percent of voters support a Constitutional Amendment to limit government spending increases. Even when pitting cuts in government spending directly against investment in local government services such as health care and police; and teachers and smaller classrooms, voters continue to support the Constitutional Amendment 65 percent to 21 percent.

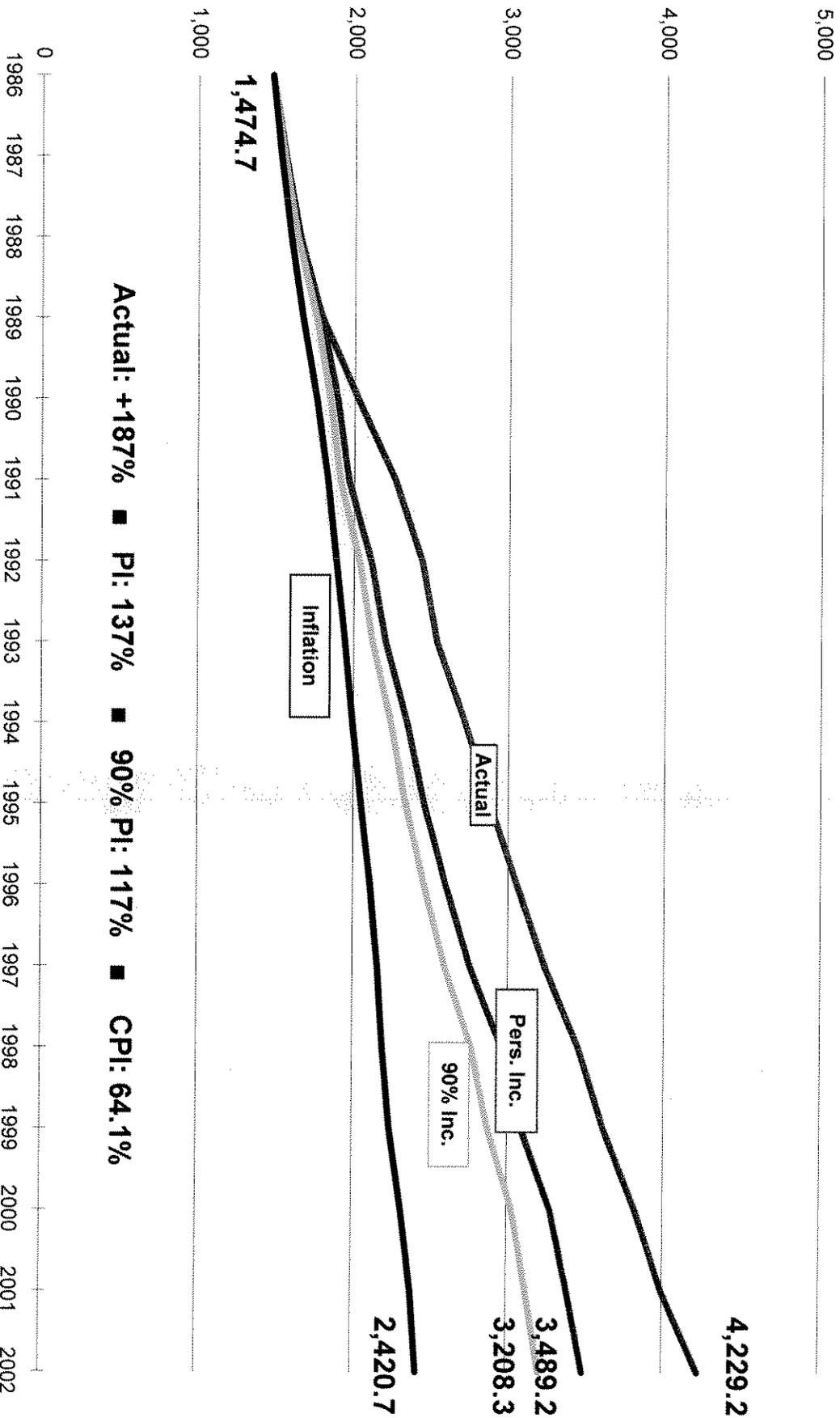
What If State Gen'l Fund Spending (\$m) Grew at the Rate of . . . (1986-2002)

Source: Wisconsin Taxpayers Alliance



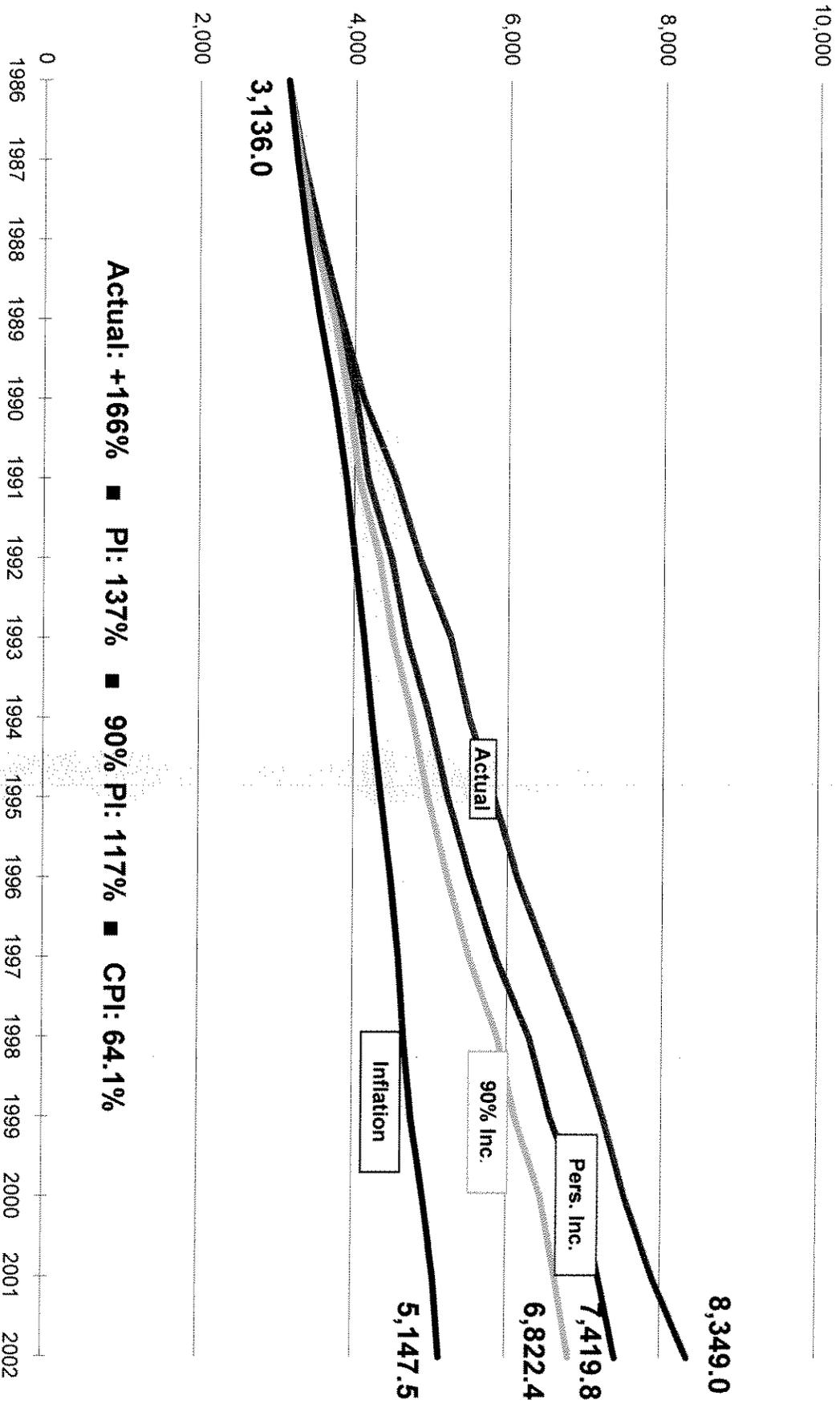
What If County Operations Spending (\$m) Grew at the Rate of . . . (1986-2002)

Source: Wisconsin Taxpayers Alliance



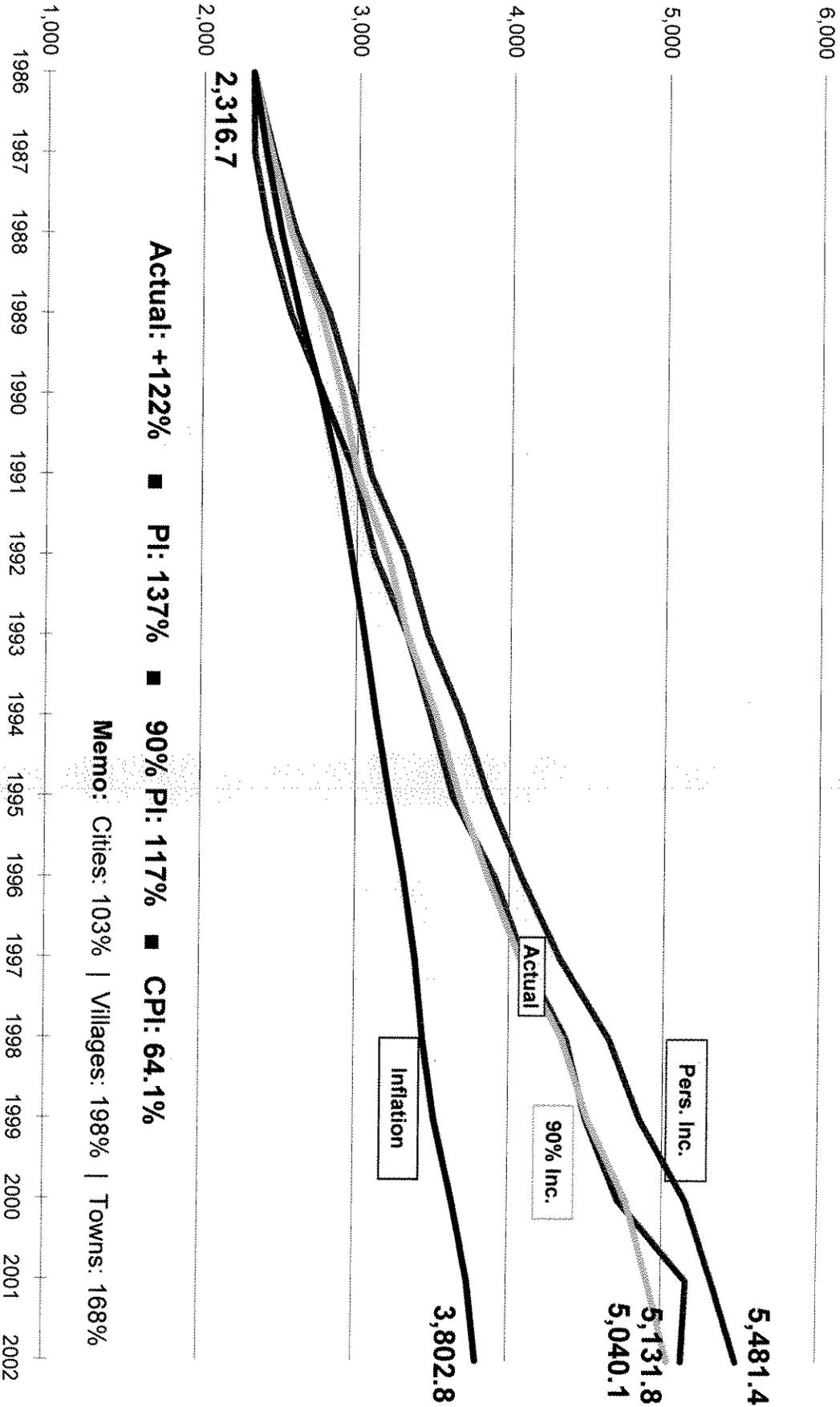
What If School Spending (\$m) Grew at the Rate of . . . (1986-2002)

Source: Wisconsin Taxpayers Alliance



What If Municipal Oper's Spending (\$m) Grew at the Rate of . . . (1986-2002)

Source: Wisconsin Taxpayers Alliance

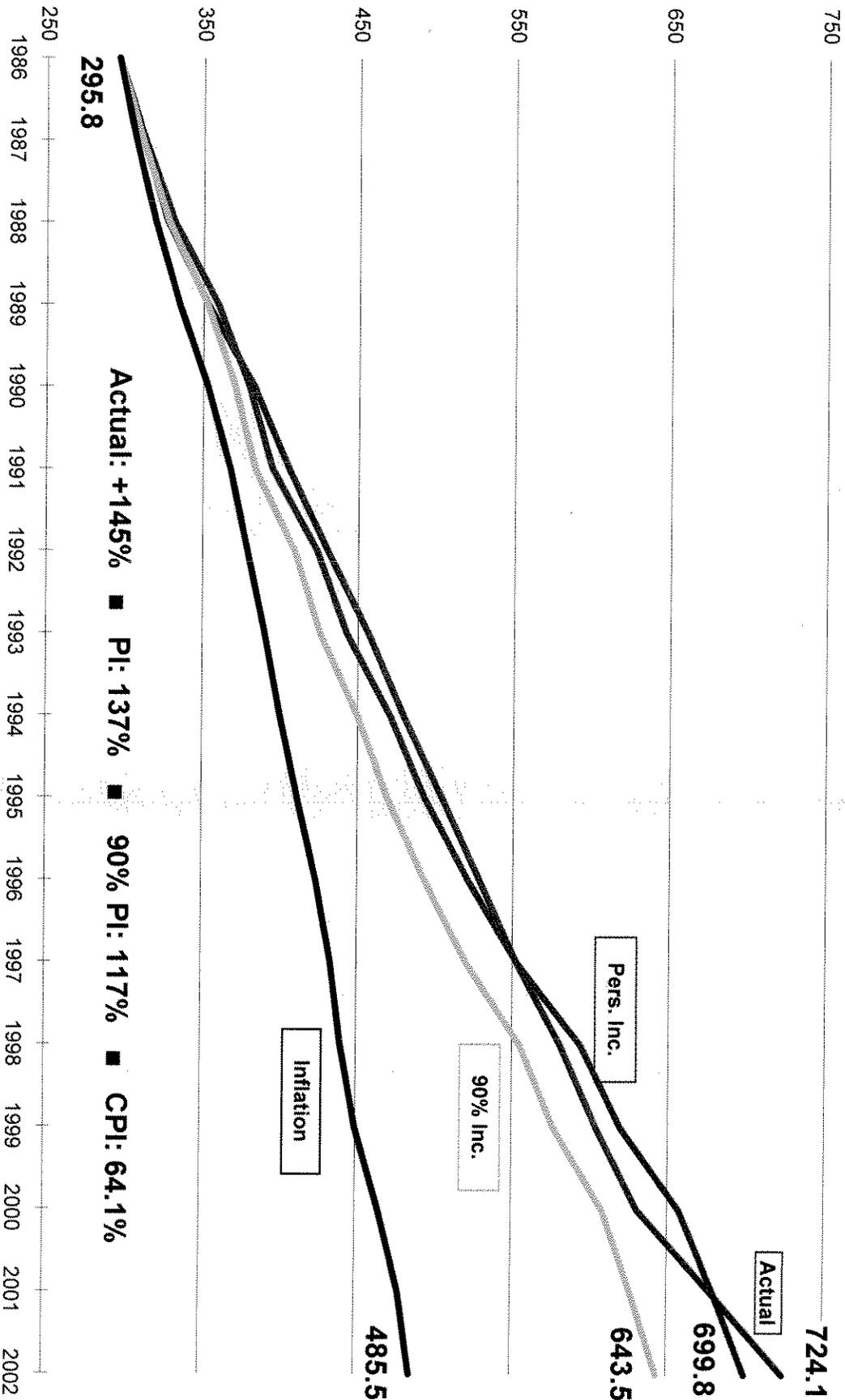


Actual: +122% ■ PI: 137% ■ 90% PI: 117% ■ CPI: 64.1%

Memo: Cities: 103% | Villages: 198% | Towns: 168%

What If Tech Coll. Oper's Spending (\$m) Grew at the Rate of . . . (1986-2002)

Source: Wisconsin Taxpayers Alliance





Senate Judiciary Committee
Senator Dave Zien, Chair
July 27, 2004

Testimony of John D. Wiley, Chancellor, UW-Madison

“TABOR”

Thank you Senator Zien and members of the Committee for providing me the opportunity to testify today in opposition to the process by which the legislature is considering legislation to make changes to the Wisconsin Constitution. The TABOR proposals that have been made public throughout this spring raise significant concerns about the university's ability to provide an affordable and accessible education to Wisconsin residents as well as the university's ability to continue to successfully garner federal and private support. It is important that these consequences be fully understood, and today's hurried process does not allow that.

I would like to take a few moments to briefly describe some of the potential, if not likely, consequences of TABOR-like proposals on UW-Madison. As Chancellor of UW-Madison I can best address the issues specific to this campus, but many of my concerns apply to the entire University System. I should note, however, that I prepared these remarks just three hours ago without the knowledge of the specific details of the proposal that is being considered today since that had not been made public. I really feel I must emphasize this point. No one in this room can predict the consequences for public higher education in the state if this proposal is adopted today. Moreover, the crucial linkage between a sound higher education system and the state's economic vitality is going to be put at risk in ways we cannot possibly fathom.

TABOR proposals of any sort threaten UW-Madison's ability to fulfill its mission to teach, to do research and to engage in meaningful outreach that benefits all of Wisconsin's citizenry. Allow me to provide a few examples:

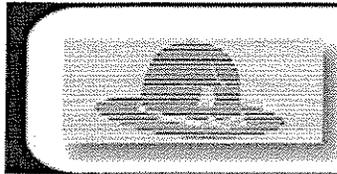
- Capping tuition arbitrarily interferes with the balance between cost and quality considerations in providing an education.
- However, even if tuition is exempt, if state tax dollar support for the University is limited, we run the grave risk of pricing out all but Wisconsin's wealthiest students.
- Access to higher education would be limited, particularly since proposals we have seen do not take into account any enrollment changes. Enrollment does not typically follow changes in the state's entire population base.
- Millions of dollars in private gifts for bonding would be put at risk, especially those from donors and other funding sources that require a state match for their gift.

Office of the Chancellor

Bascom Hall University of Wisconsin-Madison 500 Lincoln Drive Madison, Wisconsin 53706-1380

- Federal and private grants might be capped under the TABOR proposal being considered today. Even if they aren't, our ability to successfully generate these outside dollars is threatened if we do not have the basic state support required to leverage these funds.

These are just a few of the potential consequences, all of which deserve to be fully examined before going ahead with making changes to the Constitution. It is important to consider that these do not include other consequences which are unintended or that I could not offer you today since I had not seen the specific proposal being considered. I was grateful this spring for the thoughtfulness in which you and your colleagues considered some of these impacts on the University and I encourage you to continue that thoughtfulness today by not advancing a proposal before you, I and the people of the state of Wisconsin have a chance to thoroughly examine all of its possible implications.



Wisconsin Troopers' Association

Casey Perry – Executive Director

Glen Jones – President

2099 Ironwood Drive, Green Bay, Wisconsin 54304-1972

Phone: (Toll Free: 1-800-232-1392) Fax: (Toll Free: 1-800-232-1392)

<http://www.wi-troopers.org/>

Testimony in Opposition to Taxpayers Bill of Rights (TABOR) proposal

Before the
Senate Judiciary, Corrections and Privacy Committee

July 27, 2004, 1:00 p.m.

Denny Kruger, Legislative Liaison
Wisconsin Troopers' Association

Thank you Chairperson Zien and members of the Senate Judiciary, Corrections and Privacy Committee for the opportunity to testify today in opposition to the TABOR proposal.

On behalf of the Wisconsin Troopers' Association, I urge you to reconsider passing such a drastic measure. Please understand that my testimony is based on the contents of previous TABOR proposals because we have yet to see the version that is being considered.

Our concern over TABOR stems from our concern for public safety. TABOR poses a threat to public safety. The goal of the State Patrol is to provide the highest standard of public and highway safety for all Wisconsin citizens. Therefore, the Troopers' Association cannot support a Constitutional amendment that forever limits our government's ability to respond to community and statewide needs.

TABOR will only be detrimental to law enforcement efforts – and therefore the well-being of citizens – across Wisconsin.



Wisconsin Troopers' Association

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Additionally, one of the most important parts of our job is to work closely with local law enforcement agencies to help with natural disasters or civil disturbances.

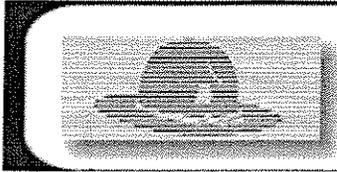
Placing increased pressure on local governments will not only place a greater burden on local law enforcement, but it will hinder the collective effort of law enforcement agencies statewide.

In addition, TABOR will create more demands than ever to raid the transportation fund. Any additional pressure on this fund places our mission in jeopardy.

Wisconsin's Transportation fund is critical to public safety and first-rate infrastructure. Our roadways are Wisconsin's gateway. It is how we trade and bring in tourism. A quality transportation system stimulates our economy.

In the case of the State of Colorado, the highway and infrastructure system that allows for commerce and increased economic activity was devastated by TABOR. Colorado experienced amplified budget problems and the ailing economy became worse.

TABOR in Wisconsin will undoubtedly have similar negative consequences. If a serious crisis or economic recession occurs, the hands of our local and state elected officials are bound from performing their responsibilities of alleviating these unpredictable situations. Simply put, TABOR lacks the ability to adjust for emergencies.



Wisconsin Troopers' Association

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The Wisconsin Constitution is no place for State legislative budget policies. The Troopers' Association believes that a permanent, Constitutional change is an extreme step in ever-changing times.

We understand the state's fiscal situation; we sacrificed as did the rest of Wisconsin. The Wisconsin State Patrol lost an incoming Trooper class, the airplane and numerous legislative initiatives last year because of budget problems.

However, there is a line that needs to be drawn and it needs to be drawn here. Public safety is at risk with this proposal. We urge you to take appropriate actions to protect it – do not vote to place TABOR in the Wisconsin Constitution.

I would be happy to answer any questions you may have at this time. Thank you.



MEMORANDUM

Wisconsin REALTORS Association

TO: Wisconsin Legislature

FROM: Michael Theo, Vice President for Public Affairs

DATE: July 27, 2004

RE: Constitutional Spending Limits

The Wisconsin Realtors Association supports government spending that does not exceed taxpayers' ability to pay while protecting high quality public services and public education. To achieve both is neither inconsistent nor impossible.

Any constitutional limits on government spending should adhere to the following principles:

- **Simple:** The constitutional language should be general and not overly detailed to provide maximum flexibility for statutory execution.
- **Limits tied to taxpayers' ability to pay:** Spending limits should be based on personal income growth and should restrain the rate of spending growth without eliminating essential services critical to Wisconsin's quality of life.
- **Bonding:** The ability to issue bonds for economic development purposes at the local level must be preserved.
- **Growth:** New growth and development should be encouraged by allowing communities to retain the additional tax revenues realized from new construction and development.
- **Referendum:** Local voters must retain the ability to override any spending limits by referendum.

Without having seen specific draft language, it appears the proposal outlined in a Legislative Fiscal Bureau memo dated July 26, 2004 from Director Bob Lang meets these principles. However, as outlined, separate legislation would be required to adjust the local spending limits to reflect new construction and development in a given community. We believe such statutory language is vital to encouraging residential and commercial development and growth and thus vital to future housing affordability, economic development and job growth.

Together, these constitutional and statutory changes can achieve the twin goals of limiting government spending to better reflect the taxpayers' ability to pay while protecting essential government services. The legislation therefore deserves your support.



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E-mail: league@lwm-info.org
www.lwm-info.org

To: Members of the Senate Judiciary, Corrections and Privacy Committee

From: Curt Witynski, Assistant Director, League of Wisconsin Municipalities

Date: July 27, 2004

Re: Comments on TABOR Proposal

Process Concerns

The League of Wisconsin Municipalities objects to the legislature rushing to vote this week on a constitutional amendment limiting state and local spending. Local governments are required to provide more public notice and opportunity for informed public comment on a minor zoning change than is being provided by the legislature for this constitutional amendment.

Voting to amend the constitution is the most important and most serious action a legislature can take and it should be done only after public input and full consideration of all the long-term ramifications of the amendment. Unfortunately, none of that has taken place here because election year political considerations have taken priority over a measured, responsible public policy debate.

There is no compelling need to have a quick vote on TABOR today or tomorrow. The legislature should wait until January to return to this issue.

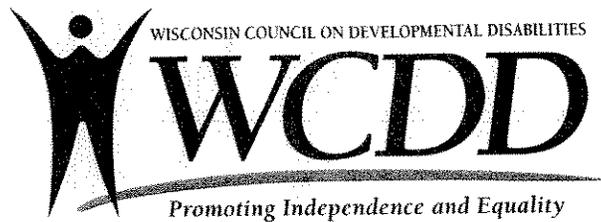
Substantive Concerns

For what its worth, we have two substantive concerns about the latest TABOR proposal being considered by the legislature:

1. The proposal reportedly limits annual municipal expenditure increases to 90% of the percentage change in statewide personal income. Why specify a particular percentage of growth in personal income in the constitution? The legislature can always enact a lower cap than is placed in the constitution. We recommend the constitutional amendment; if there is going to be one, simply cap spending at the percentage growth in personal income.
2. The proposal allows the legislature to exempt from the spending limit, expenditures from funds other than the municipality's general fund if those funds were in existence in 2003. We recommend removing the reference to 2003 and simply allow the legislature to exempt any utility and enterprise funds a municipality may create. For example, the Village of North Fond du Lac is considering the creation of a transportation utility. Under such a system, the village

would charge property owners a utility fee to cover the costs of maintaining streets. The revenue would be deposited in a transportation utility fund. Municipal homeowners would see a reduction in property taxes because such costs would be taken off the tax roll and the fee would be charged to a broader base of property owners (i.e., tax exempts would be charged too.). Overall, municipal homeowners would pay less for street maintenance under such a system. We believe that this type of a fund and other innovative approaches to municipal finance should be exempt from the expenditure limits. We urge you to amend the proposal so that the expenditure limits apply to a municipality's general fund only, like the current expenditure restraint program.

Thanks for considering our comments.



Date: July 27, 2004

To: Senator Dave Zien, Chairperson, and Members
Senate Committee on Judiciary, Corrections and Privacy

From: Jennifer Ondrejka, Executive Director
Maureen Arcand, Member

Re: Taxpayer Bill of Rights (TABOR)

The Wisconsin Council on Developmental Disabilities is strongly opposed to TABOR or other budgeting caps placed in the State Constitution. The Council understands your desire to slow the growth of taxes and spending. However, constituents with disabilities and their family members are likely to be harmed by a formula-driven cap that limits the flexibility of the legislature or local governments to respond to their needs.

Though TABOR or other caps would affect virtually all services supporting people with disabilities in the community, the Council's concerns focus on Medicaid and the Medicaid-Waiver programs:

- TABOR will essentially place a cap on Medicaid. Capping Medicaid causes hardships on recipients of services such as children and adults with disabilities and the elderly. It also causes hardship for people providing the services. Residential and personal care agencies may be forced out of business, taxpaying employees may be laid-off, and physicians, therapists, and hospitals may have to shift costs incurred by Medicaid recipients to private health insurers.
- TABOR or other caps do not address the source of non-utilization cost increases in Medicaid and community services. The costs of prescription drugs and other medical services are rising at a rate faster than inflation, affecting both Medical and school costs.
- Placing a cap into the state constitution and on property taxes will eliminate flexibility in funding school services and reducing the Medicaid deficit. It is unclear to the Council whether Medicaid IGT transfers or other community services costs recoupment that generate additional federal funding would be allowed under TABOR.

Imposing a cap on Medicaid will not reduce the level of need of people with developmental disabilities or elderly people. It will, however, force cost-shifting and/or rationing or capping of needed prescription drugs and/or basic medical and home-care services.

Many people with developmental disabilities depend upon Medicaid-funded services to get up in the morning, brush their teeth, use the toilet, take baths, and get to jobs. It would be a tragedy if people living successfully in the community were forced into institutions (a benefit required by federal law) because optional community services were dropped or rationed because of TABOR.

Senator Dave Zien, Chairperson, and Members
Senate Committee on Judiciary, Corrections and Privacy
July 7, 2004
Page 2

In addition, the Council is disappointed that TABOR is under consideration when the final language has not been publicized with time for constituent feedback. Most people directly impacted by TABOR are unaware of this public hearing scheduled with such short notice.

Thank you for your consideration of the Council's concerns. Please feel free to contact me at 266-1166 or ondrej@dhfs.state.wi.us if you have any questions.

Wisconsin Property Taxpayers, Inc.

Legislative Policy Brief

July 2004



The Taxpayers Bill of Rights Let the people decide.

Wisconsin's State Constitution requires balanced budgets and strictly limits what state and local governments may spend the taxpayers' money on, but it does not limit how much any government may tax and spend. State, school and local government officials enjoy the right to tax and spend as much as they see fit, without regard for the taxpayers' ability or willingness to pay.

In the past ten years, Wisconsin governments have seen fit to increase spending taxes more than rate of inflation adjusted for growth; and, more than the taxpayers income. (Figure 1.)

In the ten-year period 1993-2002, State government increased spending 62.7%, School spending increased 68.5%, and local government spending rose 74.7%. The taxpayers' ability to pay – statewide personal income – only increased 58.7% during the same ten-year period. (Figure 2.)

While elected officials have increased spending faster than the taxpayers' income, many Wisconsinites have seen their disposable incomes shrink due to increasing medical costs, higher deductibles, wage concessions, lay-offs, down-sizing, under-employment and hyper-inflationary state/local tax increases. Families have been forced to spend less and less on their children's other needs to pay their ever-increasing school fees and property taxes. Retirees whose state/local tax burdens have increased more than their annual cost-of-living adjustments have been forced to choose between eating less, skipping their medications, selling out or moving down just to pay their increasing state/local fees and taxes.

Wisconsin's taxpayers simply can't afford to cut back much more. They don't want to be forced to lower their families' standard of living to pay for their elected officials response to special interest spending demands.

In survey after survey conducted in the past two years, Wisconsin's taxpayers have said it over and over again: We can't afford to pay for everything our elected officials spend without our permission. We want government spending limited to the taxpayers' willingness and ability to pay; and, we want the right to decide how much more of our money we will allow state, school and local governments spend in the years ahead.

Responding to the taxpayers' overwhelming support for reform, WPT calls upon the State Legislature to freeze state, school and local government spending increases at or below the rate of increase in the taxpayers' income; and allow the taxpayers to decide, by referendum, how much more they will allow their elected officials to tax and spend on their behalf in the future.

Wisconsin Property Taxpayers, Inc.

P.O. Box 1493 Madison, WI 53701

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MEDIA RELEASE

For Immediate Release July 27, 2004

Contact: Michael M. Birkley, Legislative Director

Taxpayer Group Urges Passage of TABOR

Testifying in favor of the Taxpayers' Bill Of Rights for Wisconsin Property Taxpayers, Inc. a statewide lobbying organization representing more than 18,500 residential, farm and commercial property taxpayers, the group's legislative director, Michael Birkley, said:

"Wisconsin's State Constitution requires balanced budgets and strictly limits what state and local governments may spend the taxpayers' money on, but it does not limit how much any government may tax and spend. State, school and local government officials enjoy the right to tax and spend as much as they see fit, without regard for the taxpayers' ability or willingness to pay.

"In the past eighteen years, state, school and local governments have seen fit to increase spending, fees and taxes more than the taxpayers' income. During the period 1986-2002, while the taxpayers income grew at the rate of 3.42% per year, town government spending increases averaged 6.35%, School spending increased 6.27%, Technical Colleges increased spending 6.09%, Village spending grew 6.03%, county spending increased 5.86% and Cities spending increases averaged 4.67% per year. "

"Wisconsin's families can't afford to do without and do with less after-tax income year-after-year to pay for whatever their local taxing authorities decide to spend their money on without their consent. Survey after survey reveals what legislators have heard over and over again: The overwhelming majority of Wisconsin's taxpayers are tired of footing the bill for their elected officials uncontrolled, hyper-inflationary, special-interest-satisfying spending spree. They want government to stop taxing and spending beyond the taxpayers' ability and willingness to pay. They want the right to decide how much more of their income they are willing to allow their government to spend on their behalf."

"You will hear testimony from state, school, and local government officials, their employees, providers and contractors, to the effect that if government officials lose the right to tax as much as they see fit, without the taxpayers consent, they won't be able to maintain or provide essential services; they'll be forced to lay-off critical employees; they won't be able to provide the services their constituents demand."

"The measure before you does not limit how much any government may tax and spend. It only limits how much they can tax and spend without the taxpayers' permission. It allows governments to tax and spend as much as the taxpayers allow."

"Time is running out. The next great hyper-inflationary tax hikes are already being considered as county, school, technical college and municipal begin crafting next year's budgets. There's nothing to prevent them from taking a bigger tax bite out our paychecks next year or any year."

"We urge you to give taxpayers the right to decide. Give them TABOR. Now."

WPT Legislative Policy Brief, July 2004

Wisconsin Property Taxpayers Call For Immediate and Permanent Spending Reform

To stop runaway government spending increases, and allow the taxpayers to decide how much more they are able and willing to allow elected officials to tax and spend, WPT calls upon the Legislature to:

Immediately freeze state, school, and local government spending increases at the rate of increase in personal income adjusted for inflation, unless the voters approve more by referendum.

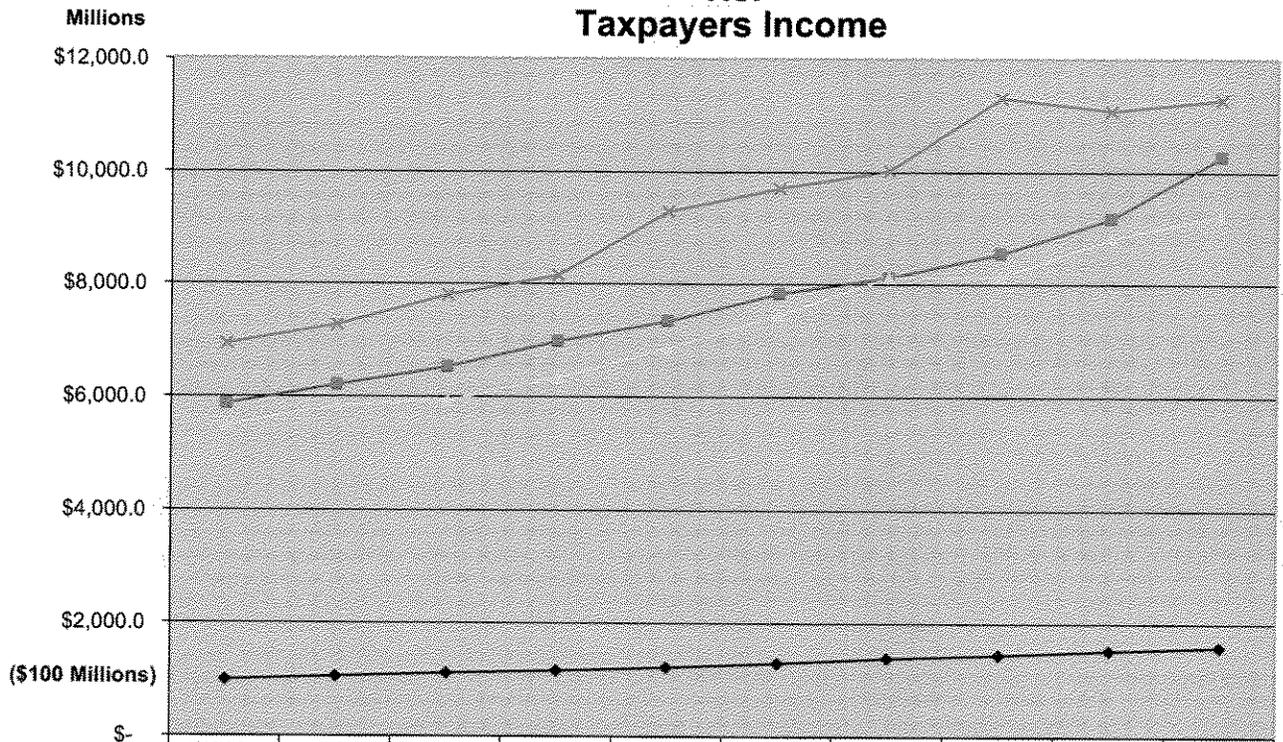
Allow the people to decide whether or not to add a Taxpayers Bill of Rights (TABOR) to the State Constitution that would permanently:

Allow taxing authorities to increase spending by no more than the rate of growth in personal income adjusted for inflation without the taxpayers permission; and

Give Taxpayers the Right to approve more by referendum.

Chart 1

**State, School, Local Government Spending
v.s.
Taxpayers Income**



	1993	1994	1995	1996	1997	1998	1999	2000	2001	2002
◆ Pers. Income	\$994.5	\$1,043.4	\$1,105.7	\$1,159.6	\$1,218.6	\$1,289.2	\$1,377.6	\$1,435.9	\$1,525.7	\$1,578.3
■ Local Spending	\$5,869.7	\$6,204.6	\$6,513.9	\$6,966.8	\$7,334.7	\$7,824.8	\$8,118.2	\$8,533.9	\$9,153.8	\$10,253.5
▲ School Spending	\$5,474.3	\$5,821.9	\$5,930.4	\$6,319.5	\$6,848.5	\$7,449.8	\$8,128.6	\$8,123.9	\$8,806.7	\$9,225.6
× State GPR Spending	\$6,922.1	\$7,267.6	\$7,790.8	\$8,141.8	\$9,283.5	\$9,694.5	\$10,009.4	\$11,294.0	\$11,077.7	\$11,265.1

Chart 2 % Increase In Personal Income VS. Government Spending 1993-2002

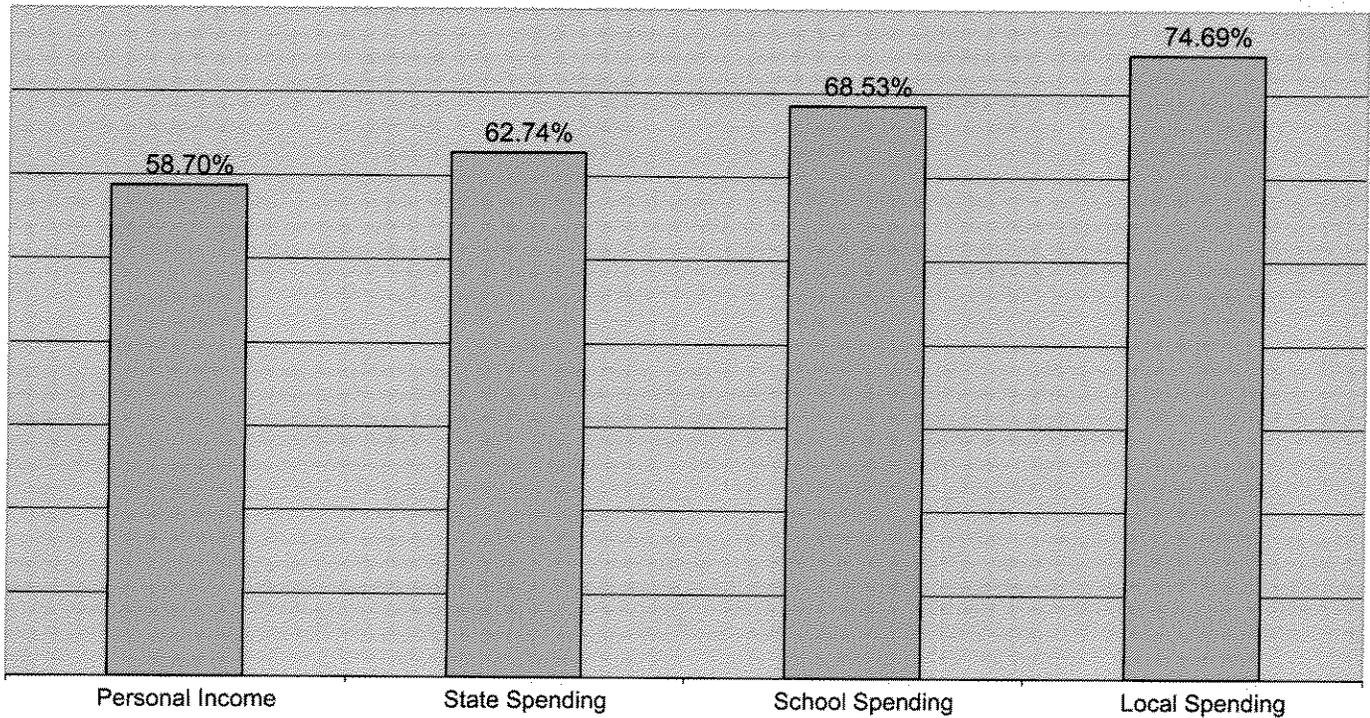


Chart 3

**Actual Spending Vs. Tabor Limit
1993-2002**

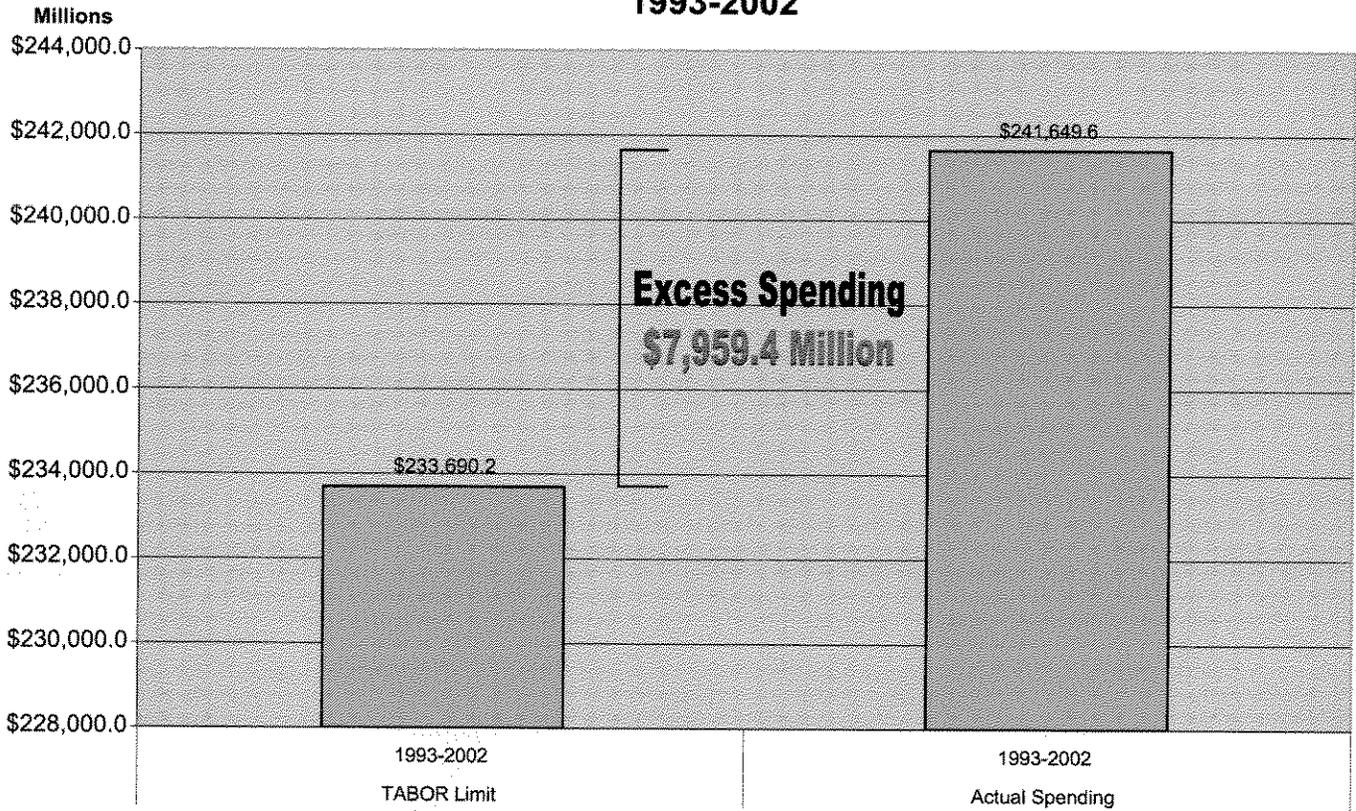
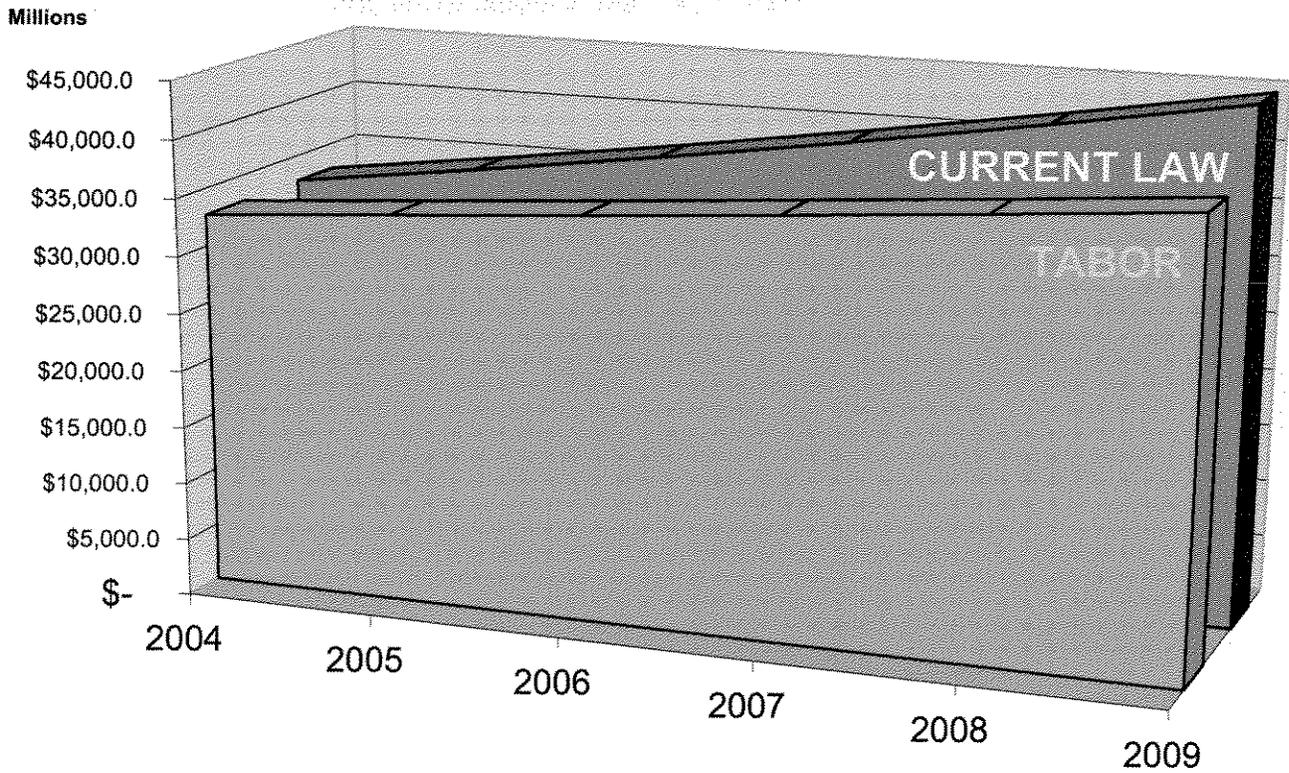


Chart 4

**Government Spending 2004 -2009
Current (Unlimited) VS. TABOR**





United Council

of University of Wisconsin Students, Inc.

14 W. Mifflin Street, Suite 212, Madison, WI 53703-2568 Phone (608) 263-3422 Fax (608) 265-4070

TABOR

July 2004

United Council Position:

Against TABOR

Background:

Rep. Frank Lasee introduced AJR 55 Taxpayer's Bill of Rights, also known as TABOR in November 2003. TABOR is a constitutional amendment that would cap state spending and require referenda in order to raise taxes. AJR 55 was sent to the Government Operations and Spending Limitations Committee and a public hearing was held in December 2003--no other public hearings have been held. The legislative session officially ended on March 11, 2003. On April 23 Rep. Lasee released a substitute amendment to AJR 55 with subtle changes, including exempting non-state dollars received by the UW System. Other proposals have been discussed, but all have the same impact: limiting the funding for UW System and cutting the quality of public higher education in the state. On Friday July 23 Senate Majority Leader Mary Panzer announced that the Senate would convene for an extraordinary session to vote on TABOR. With no proposal being made public the legislature is moving forward and voting on TABOR.

Discussion:

Students in the UW System are standing firm in opposition to TABOR. The students believe that: 1) this type of fiscal policy does not belong in the constitution; 2) exemptions for certain agencies and departments are problematic as they would be more detrimental to agencies and departments not exempt; and 3) for policy change as serious as amending the constitution there needs to be extensive public hearings and discussion from all around the state including students and the youngest voters and taxpayers.

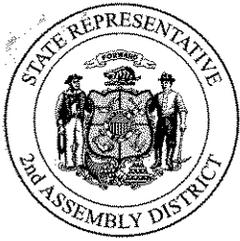
If TABOR is approved, the inevitable conclusion for the University of Wisconsin will be:

- Higher tuition due to limited state funding, increasing the students' and their working families' financial burden
- Reallocation of state resources from the UW System, which will serve as the catalyst for severe increases in tuition
- UW System dependency on private gifts, grants and tuition, which essentially privatizes the University
- Significant reduction in the quality of already underpaid faculty and staff as wages will be frozen due to further restricted resources
- Limitations and/or reductions in enrollment in an effort to maintain a quality education with limited funding

Students, just like other taxpayers across the state realize that state taxes and spending are high in Wisconsin. However, students also realize that the University of Wisconsin System is the major economic engine for the state, producing 20,000-30,000 graduates each year, who are the teachers, engineers, nurses, doctors, lawyers, and business people of the state. TABOR will cap state spending and cripple the state's economic engine--the UW System. Capping state spending, and in turn limiting the resources available to the UW System, but exempting tuition will consequently cause tuition increases at an alarming rate. TABOR will significantly erode the quality of the UW System and with huge increases in tuition will price thousands of students out of an education. TABOR will ultimately lead to the privatization of the UW System.

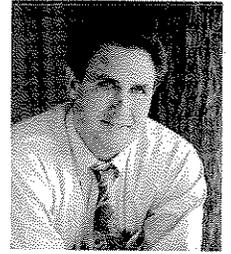
United Council of UW Students is urging the legislature not to pass TABOR today. There has not been significant public input, discussions thus far have focused on the concept of spending limitations, and the public has not received a copy of the proposal that you will be voting on today. I ask of each legislator to think about what this will do to the quality of life in Wisconsin and the quality of the University of Wisconsin System. The process by which TABOR is being voted on is undemocratic. This is not the way to run the state government. The bargaining on a formula that will be forever in the constitution is not something to be taken up in 48 hours.

For more information, contact United Council Legislative Affairs Director Bethany Ordaz via phone at (608) 263-3422 or email at legislative@unitedcouncil.net.



Frank Lasee

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Testimony to the Senate Committee on Judiciary, Corrections and Privacy

LRB/4643

Thank you, Chairman Zien and committee members, for holding this hearing. As much as I wish this hearing had taken place months ago, I thank Speaker Gard and Senate Majority Leader Panzer for allowing it to happen, and for keeping the Taxpayer Bill of Rights debate moving.

I only wish we were debating a real Taxpayer Bill of Rights, that will protect the taxpayer. The proposal before you has many loopholes – large ones – which will allow business as usual (at least at the state level) for years to come.

It has often been said that we have to do this the right way. I fully agree, and that's why I've spent the past six years working on this issue. My research has produced a full and comprehensive draft, which answers the problems experienced by other states, and compromises with many of the spending interests in our own state, who oppose constitutional spending limits.

I'm not here, however, to insist on my own version. Compromise is an essential part of the legislative process, and I am ready to compromise. I am not ready to support a constitutional amendment that will not be effective. This proposal will not be effective, unless several changes are adopted.

Local government aids, Shared Revenue and School Aids: there is no incentive contained in this draft to leave shared revenue and school aids alone. As state spending gets tighter, the state will simply reduce these local aids in order to continue spending at historic levels. Local governments will raise taxes to make up the difference. There's nothing stopping them from doing so: there is no referendum requirement for tax increases in this proposal.

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There's a simple solution to this: if the state reduces shared revenue or school aids, then the state's spending limit should be reduced by the same dollar amount. This removes the state's incentive to keep that money, but doesn't lock the state into those funding mechanisms forever.

There is no provision for mandate relief contained in this draft. Without mandate relief, the state will simply push spending onto local governments. Then we'll blame the locals, either for raising their taxes to cover the new cost, or for not providing enough money to continue other programs.

The lack of safeguards for local aids and state mandates will allow the state to pad its own budget at the expense of local governments.

Of course, that's assuming the state budget ever grows tight enough to require padding. This proposal will allow the state to exempt portions of its budget from the limits. In essence, this removes any effective limit at all.

We all know that the state budget is made up of dozens of individual funds. This proposal only includes certain funds under the limits, and then gives the legislature the power to exclude any other funds we want. Over time, the state will simply exempt more and more funds from the limits, without causing any reduction in our overall spending limit. This is not a safeguard against government overspending. This will not protect the taxpayer.

There are two ways to prevent this: the first is simply to lower the spending limit by the same dollar amount as the fund we are exempting. The second is to specifically list those funds which are exempt, and to eliminate any possibility of exempting more.

Another problem: the limits contained in this proposal don't apply to all government tax and fee districts, such as municipal utility districts, mosquito control districts, storm water management utilities, and drainage districts, to name a few. These have the authority to levy taxes and fees, but aren't affected under this proposal. Any new districts that are created will likewise not be

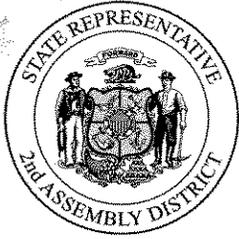
affected by the limits: a city could create a “fire hydrant management district,” for example, and shift expenses to that district. More and more spending will, over time, be shuffled to these districts.

Spending growth limits contained in this proposal are another problem. I don’t mean the limits themselves, although I would prefer less generous limits than this proposal contains.

This proposal will also allow governments to “bank” spending authority for the future, and then dramatically increase taxes and spending in a single year. According to the proposal, each year’s spending limit is equal to last year’s spending limit – not the actual spending, but the spending limit – plus the growth factor. If a government keeps its spending below the limit, that extra spending authority will continue to compound over the years. At any point in the future the government will be able to significantly raise taxes, to capture this available spending. The taxpayer will not be protected.

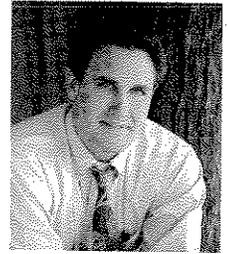
All of these problems are easily fixed. If we have the legislative will to change the way we do business. This legislator is willing to change our spending ways. Are you, my colleagues, willing to do the same?

I hope this committee will consider amending this proposal, to make this a true Taxpayer Bill of Rights.



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Charting A New Course For the UW System
Final Report – Executive Summary

Since its inception as a state, Wisconsin has supported public higher education for its citizens. One of the first acts of the new state government was the establishment of the University of Wisconsin at Madison, a land grant institution.ⁱ Since that time, the university has evolved into a system comprised of twenty-six campuses and a state-wide UW Extension.ⁱⁱ This support has survived wars, the Great Depression and other economic down turns, and has resulted in one of the finest systems of higher education in the world.

This report marks the conclusion of a year-long study by the Board of Regents in collaboration with students, faculty and staff, campus and system administrators and others. To address the needs of Wisconsin's future we first looked inward for additional efficiencies and revenue streams, as well as for ways that new technologies can enhance our service to students and the state. We also looked at ways that legislative changes can better enable us to fulfill those missions.

The study was motivated by a decade of static or declining state support for the University of Wisconsin System, culminating with the largest base budget cut in its history in the 2003-2005 biennium. Even though the university was authorized to raise tuition significantly to partially replace state aid, the net effect was still a \$100 million shortfall, without a conscious, deliberate decision by Wisconsinites to disinvest in their university. Because enrollment targets were not rolled back beforehand, students were forced to pay higher tuition, to help fund their own financial aids, and still face larger class sizes, fewer course offerings and sections, and longer time to degree. In short, quality was compromised. A policy decision has been made de facto as Wisconsin has shifted from a low tuition, low aid philosophy to a medium tuition, uncertain aid reality.

The one overarching fact that emerges from this study is that there are no substitutes for adequate, stable state support for our instructional mission. Because most of our state support goes for instructional salaries, the only way the university can maintain current levels of enrollment opportunities for Wisconsin citizens is with adequate state support per student. Additional cuts to our base budget can only result in fewer instructors and reduced enrollments – there can be no other outcomes.

General themes that arose from the study include continuing access to higher education at an affordable cost, maintaining the quality of the educational

experience and providing service to the state by educating its citizenry, helping to solve its problems and stimulating its economic development. Because the university has proven itself to be an invaluable asset for the state in these areas, Wisconsin will make a grave error if it does not reverse the trend of diminishing support for its university system as we enter the new global information economy.

Several key findings of our year-long study stand out:

- There simply are no alternative revenue streams that can take the place of adequate, stable state support for our instructional missions.
- Sustainable, state-supported financial aid for students is necessary if we are to avoid pricing lower income Wisconsin families out of higher education.
- The Board of Regents needs the authority to set competitive salaries, restore faculty numbers for better instructional quality and manage unclassified positions if we are to attract and retain the esteemed faculty and administrators necessary for quality higher education.
- Increased funding for diversity initiatives is required if we are to improve that aspect of the university experience and more closely mirror the state's citizenry.
- A significant investment in information technology can transform higher education in Wisconsin through the use of distance, on-line, and other learning modalities, and by connecting us to research communities worldwide.
- Significant savings can help pay for some of these necessary university investments if we can change the way we do business in such areas as capital projects, procurement and risk management.

These topics and others are examined in more detail in the following report. The fact is if Wisconsin can find ways to reinvest in its university system and effect necessary management flexibilities outlined above, the system can reinvent itself and *Chart A New Course For Wisconsin* into the new global information economy. Conversely, if it fails to do so Wisconsin will sacrifice its world-class university system as a critical tool to reverse a course of economic and societal decline. In a recent article, UW-Madison Chancellor John D. Wiley writes:

"I want to send a wake-up call to the citizens of Wisconsin regarding our economy and our educational system. The ailing economy poses a serious threat to our schools and colleges and unless we act now to protect funding for education, the state's future will be bleak. More than a decade of state budget cuts and partially offsetting tuition increases have left the base operating budgets of Wisconsin's public higher education systems in the worst condition since the Great Depression. Access to, and affordability of, the university system are already endangered at precisely the time when the Wisconsin economy needs more high-paying jobs and a more highly educated workforce".ⁱⁱⁱ

The regents must send a wake-up call as well: Wisconsin cannot continue its trend of diminishing state support for its universities, replaced in part by tuition dollars. The last budget cycle went far beyond trimming fat – to the point that the meat and bone of quality higher education were cut. A similar budget in the next cycle may send the system plummeting into an irreversible, downward spiral.

Wisconsin has experienced tough budget climates before. In his remarks to the regents in 1975, then President John C. Weaver observed the following:

"The immediate public policy issue becomes clear. If we are to fulfill our missions as historically defined, we need to be certain the state still supports those missions, and supports them with the full realization that they cannot be fulfilled on the basis of static or declining resources. If we are to plan for long-term fiscal austerity and retrenchment, this needs to be directed with the complete understanding that this will require a most basic change in direction for the State of Wisconsin – a deliberate decision to constrain, for fiscal reasons, the levels of access to educational opportunity that have historically been provided".^{iv} President Weaver's words hold just as true today as they did nearly thirty years ago. He continues: *"We should give fair warning, and we must continue to warn, that we cannot go on reducing faculty and staff, as well as support for instructional materials and equipment, and simultaneously undertake the teaching of ever-increasing numbers of students. To attempt such is an inescapable proscription for irreversible mediocrity".^v* If we are to avoid that mediocrity, the state must reinvest in its system of public higher education or the system must downsize so that those students that it can enroll receive the traditionally high quality education that they deserve.

At the end of World War II, our nation's economy had not yet begun to take off and thousands of our soldiers were mustering out of the military and returning home. Controversial legislation was pushed through the federal government that became known as the G.I. Bill. A massive infusion of support for higher education – in the form of facilities, program revenues and

scholarships – created unprecedented access to higher education and trained the doctors, lawyers, teachers, statesmen, engineers and other professionals who built the modern country that we enjoy today. In Chancellor Wiley's words, "Those decisions created the engine that powered the state and national economies for the second half of the entire 20th century".^{vi}

A recommitment to higher education is necessary for Wisconsin today if we are to *Chart A New Course For Wisconsin* in terms of both quality of life issues for our citizens and economic stimulus for our state. Consider again the words of President Weaver: "Decisions of great importance should not be taken without some sense of history... We should remind ourselves that for well over a century, the people of Wisconsin... have had great faith in public higher education. Above everything, I would covet the hope that through the difficult days of decision that lie immediately ahead, the citizens of Wisconsin will sustain that faith".^{vii}

In conclusion, the decisions facing leaders in state government for the future are both patently simple and excruciatingly complicated. And history points out that this conundrum is not a new phenomenon. If Wisconsin consciously decides at this time – against all common sense – that it must continue its trend of withdrawing public support for its public universities, then the UW System must shrink until its available resources are adequate to support a quality higher educational experience for those students it can enroll.

If, on the other hand, Wisconsin and its leaders choose to continue and to reinvigorate our long history of public support for open access to public higher education for our citizens, then the necessary state resources must be found to fund our campuses and provide adequate financial aid for our students.

Wisconsin sustained its faith in its university system thirty years ago in President Weaver's day – and many times before and since then – and, like him, we are hopeful that it will do so again, for this day. The university stands ready to help begin *Charting A New Course For Wisconsin's Future*.

Notes

ⁱ Article X, Section 6, of the state constitution ratified in 1848.

ⁱⁱ Chapter 36, Wisconsin State Statutes.

ⁱⁱⁱ Wiley, John D. (2003 November). Higher Education at the Crossroads. *Madison Magazine*.

^{iv} Weaver, John C. (1975 April 18). Report To The Board Of Regents In Response To The Governor's Request On Reducing The Scope Of The University Of Wisconsin System.

^v Ibid.

^{vi} Wiley.

^{vii} Weaver.

Regional Planning Commissions: Key Points on Impact of Tax Levy Limit

Background

- County government is required to pay RPC charge, it is not discretionary.
- The overall RPC budget charge in any year is capped by statute at .003% of the total equalized value within the RPC's jurisdiction.
- Each county pays its share of the RPC budget based on its proportion of the equalized value of the entire RPC jurisdiction.

Problem

- A county will owe RPC charges that are inconsistent with the county's mandated levy limit, because the RPC cannot account for the factors that would be imposed by statute (personal income, growth, etc.) in its charges.
- In other words, counties will face mandatory charges that are incongruous with their cap limits.

Solution

- Apply the levy limits to RPC charges, thereby bringing each county's charges in line with the levy cap limits.
- Remove the RPC charge from the county's levy limit. This should be done because the cost would be controlled at the RPC level (and the caps should apply at the level of government where the spending is actually taking place). The RPC charge is simply a pass through charge and is not discretionary; therefore, if costs are controlled at the RPC level there is no need to (and it would be redundant to) apply the limit at the county level.

Comments from: Phil Evanson,
Coalition of Regional Planning Organizations



United Council

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**Written Testimony of David Glisch-Sánchez
Academic Affairs Director
United Council of UW Students, Inc.**

First, I would like to thank Senator Zien and the other members of the Senate Committee on Judiciary, Corrections and Privacy for giving me this opportunity to make some comments on the Tax Payers' Bill of Rights, otherwise known as TABOR, that reflect the sentiments of over 140,000 UW students. I cannot impress upon you enough, members of the committee, the amount of careful deliberation with which students across the state have discussed the issue of TABOR, appropriations, fiscal responsibility, and taxation.

Fundamentally, the discussion surrounding TABOR is whether services the state and local governments provide are worth the investment Wisconsin citizens make through taxation. Let's reflect for a moment on the services that the government offers. First, we have basic programs such as public safety, K-12 education, public transportation, waste management, and road maintainance. Second, we have what are commonly referred to as social services, which include: affordable housing, higher education, healthcare, childcare, and veterans' services to name a few. Unfortunately, all of these programs would be negatively affected by TABOR. For example, recently in Colorado, where the first TABOR like legislation passed over a decade ago, the University of Colorado was granted enterprise status, the last step before becoming completely privatized, because less than 10% of its funding is from the state; a direct

result of TABOR. Without the investment through income and property taxes the government cannot provide these critical services, which the people of Wisconsin demand. We are apt to learn from John S. Coleman, former member of the Detroit Chamber of Commerce who writes, "the point to remember is that what the government gives it must first take away."

Lastly, TABOR would signal the slow, but inevitable, end of affordable public higher education in the state of Wisconsin. Even now, we are beginning to see the impact of tuition increases, decreasing state support for financial aid, and large budget cuts on the accessibility of the UW System. Between 1998 and 2002, the years for which data is available, there was a decrease of 1,508 incoming new freshman students from Wisconsin's three lowest economic quintiles, while there was an increase of 856 students from the top two. Clearly, without TABOR we are already not taking care of our own, and with it things shall only get much worse. Frederick the Great once wrote that "no government can exist without taxation. Thus money must necessarily be levied on the people; and the grand art consists of levying so as not to oppress." It is within the hands of the Legislature with which this "grand art" must be coordinated, and not with the blunt instrument such as a state constitutional amendment.

In conclusion, I and the more than 140,000 students United Council represents, ask that you reject TABOR as it would close higher education to thousands of Wisconsin working- and middle-class families and deny equal opportunity and protection to many of our citizens.