
Budget Bill Signing
Governor's Conference Room
State Capitol
August 10, 1993

Good afternoon, everybody. It's a pleasure for me to be able to give you my final comments in regards to the budgetary process. I'm sorry the room is so small and so hot, considering it's probably the first day that we're going to hit 90 degrees. But I do want to explain some things about the budget because I am so proud of this budget and want to thank the legislators, especially those that are with me today, in the room here today who worked so hard on this to make this such an excellent document.

I'm very proud of the budget bill that I am about to sign. This budget contains major reforms for the first time in over twenty years to our property tax system. We finally have limits on property tax growth. We finally have mediation/arbitration reform, something I have been asking for ever since I have been elected as Governor, and everybody knows that's one of the reasons that drives up property taxes. It's probably the main reason.

We made great strides in the area of mandate relief. The strong economy has allowed us to increase funding for many essential state programs, much more so than other states surrounding us and other states across the country.

School aids for K-12 schools have increased by \$381 million. Other local assistance programs have increased by \$183 million. Funding is increased for health care, welfare reform, economic development, transportation, natural resources and crime prevention.

Plus, something that I always like to be able to report to you, there are no general tax increases in this budget.

(applause)

For eight consecutive years, we have been able to accomplish all of these things without raising general taxes on our people. In fact, there are several provisions in this budget that reduce the tax burden on a lot of

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Wisconsin citizens.

There have been no general tax increases, as I indicated, in the eight fiscal years covered by my budgets. I would like to compliment Jim Klauser and Rick Chandler who are assisting me, as well as the legislators behind me in accomplishing this.

I commend the legislature for a very good budget process. I think the Republicans in the State Senate allowed that new process to develop and I want to compliment them for doing it. I also want to compliment the Democrats on the Joint Finance Committee, who worked in a bipartisan manner.

I have vetoed 78 items in this bill. This of course is the smallest number of vetoes in any biennial budget I have signed. And I think the reason of course is the evidence of the fact that the legislature worked together, and that the Republicans had control of the State Senate and were able to put together a budget that really was concerned about the people of the state of Wisconsin.

There were positive changes in the legislature's procedures and the contents of the bill. The budget had bipartisan input through the Joint Finance Committee. It was balanced, the committee was balanced for the first time in many years. The conference committee was balanced. All views were represented.

The legislature made a conscious effort to limit special interest, site-specific and nonfiscal items in the bill. Pork was kept at a minimum. Nobody would get trichonosis by devouring this budget.

(laughter)

Overall spending was kept within our means. We have not dug a fiscal hole for the fiscal 1995-97 biennium. We are going to be able to go into the next biennium with bills paid, our books balanced, and be able to continue to do the necessary job for the people of the state of Wisconsin.

There was little interest in raising taxes, and I applaud the legislators of both political parties.

I have used my partial-veto power to do the following:

Saved over \$2 million in spending, including the write down of ten appropriations.

We eliminated four unfunded mandates.

We made five technical corrections, including the correction to provide

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the intended amount of special adjustment school aid to Monona Grove. And I would quickly point out without that veto power, Monona Grove would not be able to get the additional \$800,000. And my biggest detractors who have fought me on my veto are some of the ones who have asked me to use my veto power as other people have in the past.

There are no creative vetoes, no word changes to make new sentences.

The importance of a strong partial-veto power is illustrated by use of the partial-veto to correct the Monona Grove aid problem. If I did not have that partial-veto power, and only had the power to veto entire items or sections, Monona Grove would have received \$800,000 less in school aid than the legislature intended. The conference committee members specifically requested this partial veto.

Spending overview. My vetoes increased the ending balance by \$2 million. The FY95 ending balance is now \$2.5 million. This is of course in addition to the \$76.9 million required by the 1% balance.

GPR spending will be as follows. FY94 \$7.4 billion. FY95 \$7.8 billion, for a biennial total of \$15.2 billion.

GPR spending increases are as follows: FY94 \$407 million. FY95 \$395 million.

Even though our economy has been strong, there are some uncertainties in our budget outlook, as there always are. There are economic uncertainties at the federal level. Recent weather problems affecting the Midwest specifically may affect the economy. And we of course face several pending tax litigation cases.

We will continue to manage state government carefully, and monitor the state's revenue and spending closely to keep our financial condition strong.

The Property Tax Relief Package. It's a comprehensive package with several important elements. Limits on spending. Mediation/arbitration reform. Local aid increases. Mandate relief.

Over five years, the affect of the property tax relief package will be as follows: total savings in property tax statewide will be \$2.2 billion compared with current law. You will see this over five years, without controls, your property taxes would go up by \$2.2 billion more than what they will with the controls. So the property taxpayers of the state of Wisconsin over five years will have property tax savings of \$2.2 billion.

The budget finally places reasonable limits on local spending and taxes. School districts must limit increases in spending per pupil to \$190 per

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pupil or the CPI. Now I've heard from the naysayers and the handwringers and the pessimists that this doesn't do enough the collapse the spending between the rich and poor districts. I would quickly point out this is the first budget to address that. It doesn't go as far I would like, or as far as the legislature would like. But I can assure you that we, it's the first time it's been addressed and we will continue to look at it this fall when we will come forth with another plan for the next biennial session.

Counties must freeze their operating levy mill rate at December 1992 levels, with limited exceptions. We would not have been here without the property tax rate freeze. We were able to accomplish this. And I compliment the Senate Republicans for coming up with a better plan, a cost control plan really will accomplish more.

An expanded tax rate disparity program for the municipalities. Now called the expenditure restraint program, it rewards municipalities that limit increases in spending to the CPI.

The budget finally, also, enacts mediation/arbitration reform. School districts won't go to arbitration if they offer total compensation increases of 3.8% or salary increases of 2.1% total compensation, which equates to an increase of 2.9% of salary. Teacher compensation will increase in line with compensation for other workers. A council on municipal collective bargaining is created to review the mediation/arbitration law. The mediation/arbitration law is repealed as of July 1, 1996.

The budget substantially -- I want to underscore this -- this budget substantially increases local aid. K-12 school aid goes up by \$381 million over the biennium with the following increases: FY94 \$142 million, just under a 7% increase. FY95, \$97 million, 4.5%.

And I point out that under the Thompson Administration the \$854 million is \$208 million more than the combined total of Governor Dreyfus and Governor Earl. \$208 million more than the combined total. And I also would quickly point out that ours was achieved without any general tax increases, whereas under Governor Earl and Governor Dreyfus all of those increases were due to tax increases.

That shows you the total of commitment, the amount for education.

Shared revenue payments will go up by \$47 million over the biennium. The expenditure restraint program is now funded at \$42 million per year, up from \$25 million, and expanded to a lot more municipalities. We also have in this budget created a small municipality shared revenue program for municipalities under 5,000 population. It is started and funded at \$10 million per year.

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This budget continues our efforts for mandate relief. \$25 million is provided to counties to help pay court costs. You know the counties campaigned all over the state about county relief, for mandate relief, and for the courts being taken off the property tax payers bills. This goes a long way in that direction. About 40% of the cost of operating our courts in this state are now picked up by the state. The county mandate relief program is started and funded with \$5 million in FY95 and \$8 million in FY96.

Relief for farmers is enhanced by the end of the provisions in the Farmland Preservation program requiring repayments of credits after nonrenewal of agreements. This is something farmers have been talking about, asking for, and lobbying for ever since I have been in legislature.

It's important to remember that the property tax relief package limits -- but does not eliminate -- property tax increases.

Property taxes will still increase, but at a controlled rate, linked to the inflation rate and the rate of property value growth. The increase will be less than in recent years, and less than under current law.

The plan is not everything that I wanted. It's not everything that Senator Leraan, Mike Ellis or the Democrats or the Republicans wanted. It's a compromise, negotiated with the Democratic Assembly and the Senators in the Senate.

The first year, the impact of this plan is somewhat offset by the previously scheduled drop in the lottery credit. The average credit will drop from \$167 in December 1992 to \$93 in December 1993.

There are so many other things in this budget that I would like to point out, because the property tax initiative will go on to overshadow the other initiatives. But they should not be left to be discovered at a later date. There are some very important initiatives that all of us, I think that were supporting them, are very happy about passing.

Wisconsin is continuing its approach of lowering taxes whenever possible. This budget contains the following tax reduction provisions:

It creates a head-of-household standard deduction that benefits 90,000 lower income taxpayers in our state. Increases funding for the earned income tax credit, for lower income workers by \$11 million in FY94 and another \$17 million in FY92. It increases the income tax deduction for health insurance costs for self-employed taxpayers -- farmers and others -- from 50% to 100% of costs. This is something that Ben Brancel has been articulating and lobbying for for many years, and I compliment Ben Brancel for his leadership in this area.

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This budget contains the following education provisions: Authorizes charter schools to be created by contracts with school boards. Authorizes school counseling centers for our school-to-work initiative. Continues development of statewide performance-based assessments. Increases VTAE aid by \$15 million over the biennium. Provides University of Wisconsin with funding for undergraduate education improvements, something that President Lyall, who is here today, has been lobbying for for quite some time.

The budget contains the following human services provisions: It expands Learnfare to children 6-12 years of age and funds case management services. Funds implementation of the Parental Family and Responsibility as well as our Two-Tier welfare reform programs. Funds substantial increases in community long-term care slots. 3,117 COP slots for the aged and disabled ...

(applause)

... and 400 CIP slots for the developmentally disabled ...

(applause)

... provides \$200 million more for Family Support programs ...

(applause)

... increases funding for health programs, such as lead poisoning grants and Indian health projects.

(applause)

This budget also includes measures to improve government operations: It creates a special commission for the study of administrative value and efficiency. It consolidates two regional data processing centers in DOA. And eliminates the Office of the Commissioner of Transportation, something I've asked for for eight years and finally got. And I'll bet you a year from now nobody will even know we had it.

(laughter)

The budget also contains many innovative programs in other areas: It creates a DNA testing program to help criminal investigations. Begins a corrective sanctions program for juveniles. Provides freight rail assistance funding. Increases funding for development zones and women's business development programs. Establishes a cooperative DATCP/DNR Ag Chemical Spills Clean Up program

All of these things point out to what I said for a long time: this budget

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is an excellent budget. It's a budget for the people. It controls property taxes. Addresses our needs in health and human services. It helps farmers. It helps business people. It helps the welfare reform, the education initiatives. I am delighted to be able to sign this budget.

I want to thank Senator Ellis and Senator Leean. Senator Ellis became the Majority Leader in the Senate, and Senator Leean was Chairman of the Joint Finance Committee, for their leadership, as well as all of the other members who are here for their support and

cooperation. It was an excellent bipartisan effort. It was an effort that shows if you cooperate you can accomplish what is necessary to help to improve the quality of life of all of our citizens in the state of Wisconsin.

With that, it is my pleasure now to be able to sign this into law.

(applause)