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Opportunity Wasted

Legislature Removes Nearly All Items Promoting Racial Equity from the State Budget

Introduction

The events of the past year have made the deep, longstanding racial disparities in our nation much more obvious. The COVID-19 pandemic and the current recession have not only shined a light on those disparities, but have also made them much worse.

On many different indicators, Wisconsin is at or very near the top in terms of the severity of the racial inequities, and those gaps are holding back our state. For our state's communities and its economy to thrive, all Wisconsinites must be allowed to thrive. That will only happen if state policymakers dismantle the systemic oppression that has harmed African Americans and other people of color for generations.

Governor Evers' budget contained a broad range of measures aimed at reducing the disparities in Wisconsin. However, the Republican-controlled legislature scrapped his budget and started fresh, and their budget removed almost all of the Governor's initiatives to create a more level playing field for people of color in our state.

This document summarizes some of the more important budget issues that relate directly or indirectly to racial equity, what the Governor proposed with regards to those issues, and the action taken by the legislature. The Governor signed the version of the budget that the legislature passed, after making minor vetoes that for the most part did not affect racial equity.

Systemically tackling equity issues

The measures in the Governor's budget that were aimed at reducing racial disparities sought to accomplish that objective in many different ways. In some cases, combatting discrimination and improving opportunities for people of color was the primary and explicit goal of the proposal. In other cases, such as the increases in refundable tax credits and some of the initiatives to improve access to health care, the primary goal was to help a broad range of low-income Wisconsinites, but those proposals would be especially important for people of color whose income has been held down by a long history of structural racism.

Governor	Legislature
<p>Some of the Governor’s proposals that explicitly sought to make systemic changes to promote equity included the following:</p> <ul style="list-style-type: none"> • Putting equity officers in 18 state agencies and a cabinet-level chief equity officer in the Department of Administration; • creating an equity grant program to support diversity, equity, and inclusion; • expanding the Wisconsin Supplier Diversity Program; and • reinstating domestic partnership benefits for state and local government employee benefit programs. 	<p>Removed all these items from the budget.</p>

Public assistance for jobless Wisconsinites

Many Wisconsinites have faced severe financial hardship during the current recession and have fallen through gaping holes in the state’s public assistance programs. Those gaps disproportionately hurt people of color in our state.

The largest state-run program that gets cash into the hands of jobless people is the unemployment insurance (UI) system. Although the substantial increase in federal support for UI benefits has played a huge role in cushioning the effects of the recession, the pandemic has exposed many serious deficiencies in Wisconsin’s program. The most prominent problem has been the antiquated computer system that runs the program, but there are also many policy impediments that frequently deny benefits to gig economy workers and to people who have been in and out of the workforce because of barriers to employment.

Another program that was intended as a source of cash assistance is Wisconsin Works (W-2), which is funded primarily from the federal Temporary Assistance to Needy Families (TANF) block grant. However, W-2 did not increase the way it should have during the severe COVID-induced recession, and that should not come as a surprise. It didn’t work very well in the last recession, and an aid program that requires participants to work is doomed to failure during a deadly pandemic.

To help close the gaps in our assistance for jobless workers, the Governor proposed some important initiatives:

Increasing emergency assistance

Governor	Legislature
The Governor proposed significantly increasing the amount of TANF funding used for emergency assistance -- boosting the \$6 million per year appropriation to \$10.8 million in fiscal year 2022 and \$9.9 million the next year.	Removed from the budget.

Reforming the UI System

Governor	Legislature
The Governor's budget included: \$79 million to replace Wisconsin's out-of-date computer system that runs the UI program, an increase in the maximum weekly benefit, elimination of the one-week waiting period, repeal of the drug testing requirement and the prohibition on UI benefits for recipients of Social Security Disability Insurance, and expansion of eligibility.	Removed these items from the budget.

Increasing access to healthy food

Governor	Legislature
The Governor proposed enabling more farmers' markets to accept FoodShare benefits, increasing funds for the healthy eating incentive pilot project, and repealing the FoodShare work requirement and the drug screening requirement for the FoodShare Employment and Training program.	Removed these items from the budget, and also lapsed to the General Fund the remainder of funding set aside by the prior budget for the healthy eating incentive pilot.

Expanding the Transitional Jobs Initiative and the Milwaukee Jobs Initiative

Governor	Legislature
The proposed budget would have increased funding from \$9.5 million in FY 2021 to \$14.7 million in FY 2023 for these two closely related programs that provide subsidized employment and related services for low-income individuals.	Removed these increases from the budget.

Proposed changes that improve tax equity

How states and local governments raise revenue can play a significant role in increasing or decreasing racial inequities. Tax policy choices in Wisconsin have contributed to the increasing concentration of income and wealth in a few hands – hands that are most likely to be white, due to a long history of racial discrimination. Since 2011, state lawmakers have cut a cumulative \$13 billion from state taxes, yet even as they did that they boosted taxes for many low-income families by cutting the Earned Income Tax Credit and the Homestead Credit.

The Governor's budget proposed reversing some of the tax increases for low-income families and closing income tax loopholes to generate revenue needed for important investments, while also improving tax equity. These are a few of the more significant changes that were intended to create a more level playing field for Wisconsin businesses and individuals:

Limiting the manufacturing credit

Governor	Legislature
The budget bill proposed significantly reducing a tax break that allows many manufacturers to pay no state income taxes and primarily benefits the very wealthy (the wealthiest 0.2% of tax filers claim about three-fourths of the credit). The Governor's budget would have saved \$487 million over the next two years by essentially capping the size of the credit at \$22,500 per year.	Removed from the budget.

Taxing income from wealth at the same rate as income from work

Governor	Legislature
Unlike most other states, Wisconsin taxes income earned from investments at a lower rate than income from working. Evers' budget would have generated an additional \$350 million in 2021-23 by narrowing this preference so it doesn't apply to individuals with incomes above \$400,000, and couples above \$533,000.	Removed from the budget.

Improving the Homestead Credit

Governor	Legislature
This is a very important tax credit in terms of equity because it provides well targeted assistance not only to low-income homeowners, but also renters, who are disproportionately people of color. However, regressive policy changes and a frozen formula for calculating the credit have cut this property tax relief in half over the past 10 years. The changes Evers proposed would have cut taxes for low-income people by \$69 million over the next two years by increasing the credit and making more households eligible.	Removed from the budget.

Expanding the Earned Income Tax Credit

Governor	Legislature
The Governor proposed increasing this important tax credit, which helps alleviate financial barriers for parents with low-wage jobs. By boosting the credit for families with one or two children, about 200,000 families, including many families of color, would get an increase of about \$350 per year in their credit.	Removed from the budget.

Creating a State Work Opportunity Credit

Governor	Legislature
This proposed state tax credit, which would reduce taxes by \$52 million over the next two years, would provide a tax incentive to employers who hire individuals in targeted groups who otherwise may face difficulty accessing employment, including veterans, justice-involved individuals, and TANF recipients.	Removed from the budget.

Promoting equity in education

The state spends more tax money on K-12 education than for any other purpose. These resources should be spent in a way that addresses systemic racism in Wisconsin schools and moves us closer to providing equitable opportunity for students of color.

The Governor's budget included several provisions that would promote racial equity in public schools, including:

More resources for students from families with low incomes

Governor	Legislature
The Governor proposed a new payment to districts of \$75 for each student who is from a family with a low income. This added up to about \$28 million a year in new resources for school districts.	Removed from the budget.

New resources for driver's education

Governor	Legislature
The Governor's budget included \$3 million a year starting in the second year of the budget for driver's education for students from low-income families.	Removed from the budget.

More funding for English-language learner services

Governor	Legislature
The budget proposal provided \$28 million more over two years for English-language learners in public K-12 schools, and expanded the number of school districts that can get this funding.	Removed from the budget.

Expanding American Indian studies in K-12 schools

Governor	Legislature
The Governor proposed expanding teacher licensing requirements related to the knowledge of American Indian issues.	Removed from the budget.

Support for districts dropping race-based mascots

Governor	Legislature
The budget provided \$400,000 from tribal gaming revenue to underwrite the cost of adopting a new team name.	Removed from the budget.

Extending in-state tuition eligibility to immigrants who are undocumented

Governor	Legislature
The Governor's budget would have allowed students who graduate from Wisconsin high schools and fulfill other requirements to qualify for in-state tuition rates, regardless of their documentation status.	Removed from the budget.

Making quality early education more accessible

Numerous studies have concluded that high quality early education is one of the most effective ways to counter the racial disparities that are holding back people of color and our nation as a whole. Quality early education programs enable parents to work and children to get a great start. It is a win for families, communities, and our whole state.

The following portions of the Governor's budget would have improved the well-being of our young children, reduce racial disparities, help parents participate in the workforce, and boost Wisconsin's

long-term prosperity. Although the legislature removed each of the items below, which we believe were particularly important initiatives for improving racial equity in early education, the legislature's bill includes about \$102 million more for child care than the Governor's bill. That increase results primarily from an updated estimate of the cost of funding the Wisconsin Shares child care subsidy program, but it also includes \$29 million over two years for increasing the maximum reimbursement rate.

Improving access to quality, affordable child care

Governor	Legislature
The Evers budget proposed a historic investment of \$53 million per year of state funds to finance child care quality improvement programs that subsidize child care providers that are certified or licensed by the state or established by a school board. This initiative, known as Child Care Strong, was intended to assist providers located in child care deserts and those serving a significant percentage of infants and toddlers.	Removed from the budget.

Investing in social-emotional training

Governor	Legislature
The Governor recommended a \$3.3 million investment in social-emotional training and technical assistance. This aimed to reduce instances of children being removed from daycare for behavioral issues. In a broader context, it addressed the impacts of racism and systemic oppression on children and educators of color.	Removed from the budget.

Investing in the REWARD program

Governor	Legislature
The REWARD program provides salary supplements for child care professionals based on educational attainment and longevity in the field. Governor Evers proposed increasing the program by \$500,000 annually to help increase the pay of skilled child care teachers.	Removed from the budget.

Allowing the use of family leave

Governor	Legislature
Child care closures during the pandemic exposed the challenge for working parents of choosing between working and caring for their children. Evers' budget addressed this challenge by allowing working parents to take six weeks of family leave in a 12-month period if a school or child care provider that their child attends is experiencing an unexpected short-term closure.	Removed from the budget.

Reforming the juvenile corrections system

Oftentimes the starkest of our racial disparities can be seen in the deep end systems like the juvenile justice system. Wisconsin is no different and we have some of the widest racial disparities in the country when it comes to youth justice involvement. There were many provisions in the Governor's budget that would be important in initiating comprehensive reform to reduce racial disparities. We have selected the following to highlight:

Raise the age

Governor	Legislature
Wisconsin remains only 1 of 3 states that have not raised the age of adult jurisdiction to 18. Adopting these provisions for age of jurisdiction would have begun to address grievous racial disparities in our criminal justice system.	Removed from the budget.

Eliminating status offense detentions

Governor	Legislature
Sending youth back to detention because they have violated a court order does not improve community safety. Eliminating detention as a consequence of a status violation would have significantly reduced the number of youth returning to these facilities.	Removed from the budget.

Eliminating secure juvenile correctional facilities

Governor	Legislature
The Governor proposed to close Lincoln Hills and Copper Lake youth prison. This change would have been a first step in ending incarceration that disproportionately impacts Black, Indigenous and other youth of color.	Removed from the budget.

Investment in a community-based services grant program

Governor	Legislature
The budget proposed a \$9 million investment in community-based services to respond to and support youth with significant needs closer to home.	Removed from the budget.

Increase investment in Youth Aids

Governor	Legislature
The Governor recommended a two-year increase of nearly \$19 million in Youth Aids for counties to cover the costs of implementing best practices geared toward support services for youth.	Provided a two-year increase of \$9.4 million for Youth Aids for counties.

Investing in health equity

All Wisconsinites need quality, affordable coverage to be healthy and have economic security so they won't go bankrupt because of their health care. Too often, a person's health depends on their zip code, race and ethnicity, or income. Everyone should be able to see a doctor when they need one, regardless of where they live, the color of their skin, or how much they have in their bank account.

The pandemic has made the case for improving access to health care even more compelling. The inequitable impacts of the pandemic on people of color have also illuminated the importance of eliminating health disparities Black, Latinx, and Native American people in Wisconsin.

Increasing access to health care and confronting inequities doesn't just help those who gain coverage; it also strengthens the state's economy and protects our collective health. Governor Evers' budget contained crucial increases in access to care and coverage by expanding BadgerCare, invested in

maternal and infant health, and took important steps toward health equity.

Shamefully, the legislature's budget left out most of these critical issues. They chose not to expand coverage, make meaningful investments in maternal and child wellbeing, or address health equity.

Fully expanding BadgerCare

Governor	Legislature
<p>Governor Evers' budget expanded BadgerCare eligibility so that roughly 91,000 adults would gain coverage, half of whom are uninsured. Historical and current policies which perpetuate institutional racism have created racial inequities in health insurance coverage and outcomes.</p> <p>Health insurance does not guarantee access to care nor that the care people receive is adequate or unbiased. However, expanding BadgerCare and having more people with steady access to health insurance is a way to begin to address the shameful inequities.</p>	<p>Removed BadgerCare expansion from the budget.</p>

Healthy women, healthy babies: Improving birth outcomes

Governor	Legislature
<p>Wisconsin is the worst in the nation for Black infant and maternal health outcomes compared to white people, and the Governor's budget dedicated nearly \$30 million to support maternal and infant health, specifically aimed at addressing racial disparities. Women and babies need access to health care after birth, which is why the budget proposed expanding postpartum coverage through BadgerCare from 60 days one year to help ensure continuity of care for both mom and baby.</p> <p>The budget would have allowed Medicaid to pay for doula services, and provided \$8 million to address racial health disparities with significant funding directed to Black women-led organizations. It also proposed contracting with a Black woman-led organization to develop a statewide strategy to advance Black women's health.</p>	<p>Included funding to extend postpartum coverage to 90 days, an increase of 30 days, rather than the full year the Governor had proposed.</p> <p>Removed doula services coverage and grants supporting Black women-led and other community-serving organizations to address maternal health disparities from the budget.</p>

Funding community health workers, community health centers, & free and charitable clinics

Governor	Legislature
<p>The Governor's budget included approximately \$15 million for Medicaid to integrate services provided by community health workers, with the goal of improving access, quality, and cultural responsiveness of health care.</p> <p>The budget recommended \$4 million in increased funding for community health centers, which are located in medically underserved areas and serve people regardless of their insurance status or ability to pay. The budget also included \$4 million for free and charitable clinics across the state, one of providers who care for uninsured or underinsured people.</p>	<p>Removed funding and coverage of community health workers from the budget.</p> <p>Included increased funding of \$2 million for both community health centers and free and charitable clinics.</p>

Medicaid community health benefit

Governor	Legislature
<p>Having affordable, quality health insurance, while crucial, is not enough to improve health equity. Inequitable health is rooted in care disparities, racism, and structural injustices in housing, transportation, and other determinants of health. Year two of the Governor's budget included \$25 million to address these factors for people who are insured through Medicaid.</p>	<p>Removed from the budget.</p>

Prevention and treatment of lead poisoning

Governor	Legislature
<p>The rate of Wisconsin children with lead poisoning is worse than the national average, and Black children are more likely to have elevated blood-lead levels than other children. Lead exposure can lead to serious physical and mental health concerns.</p> <p>The Governor continued an initiative where eligible families could reduce lead found in their homes, and proposed funding a similar program so more families would benefit.</p> <p>It also decreased the blood-lead level children must have to receive treatment for lead exposure, to be more consistent with national CDC standards and to enable more kids to get treatment.</p> <p>Finally, the Evers budget recommended \$40 million to safely renovate lead-based water service lines, and to provide outreach funding to impacted communities, such as Milwaukee County where 10% of children tested were considered lead poisoned.</p>	<p>The final budget continues a program that helps remove lead from certain homes with children who are enrolled in Medicaid and provides new funding for outreach efforts in Milwaukee county.</p> <p>The legislature rejected the new lead abatement and treatment initiatives the governor proposed.</p>

Other measures

This is not a comprehensive description of all the provisions in the Governor's budget that would promote racial equity. Other changes that would help address racial gaps in well-being include:

Changes to the adult corrections system

Governor	Legislature
<p>The Governor's budget included \$4 million across two years to reduce the waitlist for adult basic education in prison, and \$3 million across two years to expand treatment capacity in a program that enables people to serve part of their sentence in the community. The Governor also proposed ending the inhumane practice of shackling women who are in labor.</p>	<p>Most of these items were removed from the budget. The Legislature did include extremely modest investments in technical education and addressing recidivism.</p>

Removing barriers to driver's licenses

Governor	Legislature
The Governor's budget would allow immigrants to get driver's licenses without regard to their documentation status.	Removed from the budget.

Legalization of marijuana

Governor	Legislature
The Governor's budget proposed legalizing marijuana, taxing it, and reinvesting part of the proceeds back into communities that have been harmed by incarceration.	Removed from the budget.

Conclusion

It is time for state lawmakers to acknowledge the many ways that state budget decisions contribute to racial inequities and for those lawmakers to demonstrate a firm commitment to end Wisconsin's shameful distinction of having some of the worst disparities in the nation. State laws and budget choices are not the only source of the severe racial disparities in Wisconsin, but they are a very important contributor to those disparities because they tend to lock into place and exacerbate the harm caused by a long history of racial discrimination.

One budget cannot undo the damage caused by many generations of systemic racism, but the broad range of measures in the Governor's budget to mitigate racial inequity would have been critical first steps to an equitable and inclusive Wisconsin. However, the Republican-controlled legislature rejected almost all of those measures, and made other changes that are likely to increase the racial divide in our state. For example, the legislature's budget contains a large, regressive income tax cut that will generally leave behind people of color and other Wisconsinites furthest from opportunity. In addition, the legislature sharply reduced state transit assistance, which will disproportionately hurt people of color and people with disabilities.

The legislature's budget actions and omissions show a strong disregard for the structural racism that has been holding back our state.