

## THE WHEELER REPORT

111 W. Wilson St. #UL-11 - Madison, WI 53703 - 608-287-0130

E-Mail: [wheeler@thewheelerreport.com](mailto:wheeler@thewheelerreport.com)

Thursday, February 10, 2011

### DEFICIT BILL DETAILS

Gov. Walker's budget adjustment bill items include:

#### ***Employee Compensation***

- **PENSION CONTRIBUTIONS.** Require that employees of WRS employers and the City and County of Milwaukee contribute 50% of the annual pension payment. The payment amount for WRS employees is estimated to be 5.8% of salary in 2011.
- **HEALTH INSURANCE CONTRIBUTIONS.** Requires state employees to pay at least 12.6% of the average cost of annual premiums. Require changes to the plan design necessary to reduce current premiums by 5%. Local employers participating in the Public Employers Group Health Insurance plan would be prohibited from paying more than 88% of the lowest cost plan. The bill authorizes the DETF to use \$28 million of excess balances in reserve accounts for health insurance and pharmacy benefits to reduce health insurance premium costs.
- **HEALTH INSURANCE COST CONTAINMENT.** Directs the DETF and Group Insurance Board to implement health risk assessments and similar programs aimed at participant wellness, collect certain data related to assessing health care provider quality and effectiveness and verify the status of dependents participating in the state health insurance program. Modifies membership of the Group Insurance Board to require the representative of the Attorney General be an attorney.
- **PENSION CHANGES FOR ELECTED OFFICIALS AND APPOINTEES.** Modifies the pension calculation for elected officials and appointees to be the same as general occupation employees and teachers.
- **MODIFICATIONS TO WRS AND STATE HEALTH INSURANCE PLANS.** Directs DOA, Office of State Employment Relations and DETF to study and report on possible changes to the WRS, including defined contribution plans and longer vesting periods.
- **GENERAL FUND IMPACT.** Authorize the DOA Secretary to lapse or transfer from GPR and PR appropriations, excluding PR appropriations to the UW, to the general fund estimated savings of about \$30 million from implementing these provisions.

#### ***State and Local Government and School District Labor Relations***

- **COLLECTIVE BARGAINING.** Make various changes to limit collective bargaining for most public employees to wages. Total wage increases could not exceed a cap based on the CPI unless approved by referendum. Contracts would be limited to one year and wages would be frozen until a new contract is settled. Collective bargaining units are required to take annual votes to maintain certification as a union. Employers would be prohibited from collecting union dues and members of collective bargaining units would not be required to pay dues. Changes effective upon expiration of existing contracts. Law enforcement, fire employees and state troopers and inspectors would be exempt from the changes.
- **CAREER EXECUTIVE TRANSFERS.** Allow state employees in the career executive positions to be reassigned between agencies upon agreement of agency heads.
- **LIMITED TERM EMPLOYEES.** Prohibit LTEs from being eligible for health insurance or participation in the WRS.
- **STATE EMPLOYEE ABSENCES AND OTHER WORK ACTIONS.** Authorizes appointing agencies to terminate any employees that are absent for three days without approval of

the employer or any employees participating in an organized action to stop or slow work if the governor has declared a state of emergency.

- **QUALITY HEALTH CARE AUTHORITY.** Repeals the authority of home health care workers under the Medicaid program to collectively bargain.
- **CHILD CARE LABOR RELATIONS.** Repeals the authority of family child care workers to collectively bargain with the state.
- **UW HOSPITALS AND CLINICS BOARD AND AUTHORITY.** Repeals collective bargaining for UWHC employees. State positions currently employed by the UWHC are eliminated and incumbents are transferred to the UWHC Authority.
- **UW FACULTY AND ACADEMIC STAFF.** Repeals authority of UW faculty and academic staff to collectively bargain.

### ***Debt Restructuring***

The bill authorizes restructuring of principal payments in FY201011 on the state's GO bonds. The provision reduces debt service costs by \$165 million.

### ***Medicaid***

- **ADDRESS FY11 MEDICAID DEFICIT.** Increase Medicaid GPR appropriation to cover estimated \$153 million deficit.
- **AUTHORIZE DHS TO RESTRUCTURE PROGRAM NOTWITHSTANDING CURRENT LAW.** Authorizes DHS to make program changes, notwithstanding limits in state law, related to specific provisions.
- **TECHNICAL CORRECTION.** Repeals a provision in Act 28 requiring unused GPR expenditure authority in the Medicaid GPR appropriation at the end of the year to be carried over to the subsequent biennium.
- **AGING AND DISABILITY RESOURCE CENTERS.** Transfers an estimated \$3 million in savings in the appropriation to Medicaid.

### ***Corrections***

- Provides \$22 million to address shortfalls in the Dept of Corrections adult institutions appropriation.
- **TANF.** Allocates \$37 million of excess TANF revenues to increase TANF funding for the EITC from \$6.6 million to \$43.6 million in FY2010-11. GPR TANF funding is decreased by a similar amount.

### ***Income Augmentation Revenues***

- Allow the Dept of Children and Families and DHS to utilize \$6 million of already identified income augmentation revenues to meet FY 2010-11 lapse requirements.

### ***Act 28 Required Lapses by DOA Secretary***

Act 28 required a lapse or transfer of \$680 million in 2009-11 from appropriations made to executive branch agencies to the General Fund. This bill would reduce the amount by \$79 million to ensure the lapses can be met in the next five months.

### ***Lapse of Funding from JFC Appropriation***

The JFC appropriation includes \$4.5 million related to estimated fiscal year 2010-11 implementation of Act 100, OWI enforcement changes. Funding is not anticipated to be needed in FY2010-11 and the bill lapses that amount to the General Fund.

### ***Sale of State Heating Plants***

Authorizes DOA to sell state heating plants, with the net proceeds deposited in the budget stabilization fund.

### ***Shift Key Cabinet Agency Positions to Unclassified Status***