

Governor Scott Walker's 2013 Budget Address Speech

Speaker Vos, Speaker Pro Tem Kramer, President Ellis, Majority Leader Fitzgerald, Minority Leader Larson, Minority Leader Barca, members of the Wisconsin Supreme Court, Constitutional Officers, tribal leaders, members of the Cabinet, distinguished guests, members of the Legislature, most importantly, fellow citizens of the great state of Wisconsin, it is an honor to appear before you tonight.

Before we get started, I would like to introduce the First Lady of Wisconsin, my wife, Tonette.

Sitting next to my wife is Major General Don Dunbar, the Adjutant General of Wisconsin. General Dunbar, thank you to you and to all of the men and women of the Wisconsin National Guard.

Next to General Dunbar is Sgt. Luis Cortes-Avila, who just returned home from eleven months of being deployed with the 1157th Transportation Company out of Oshkosh. Like the other soldiers in his unit, he performed his mission well and returned home safely, but one thing was extra special for Sgt. Cortes-Avila.

On November 2nd, thousands of miles away from his home in Oshkosh, Luis became an American citizen. With the help of his platoon, who would quiz him as they would go to and from the motor pool, Sgt. Cortes-Avila passed his citizenship exam and took his oath while serving in Afghanistan. Congratulations. Recently, Sgt. Cortes-Avila told me when he was a baby, his family moved to California from Mexico. Later, when he was 11, his family moved to Wisconsin.

Sgt. Cortes-Avila mentioned how much his parents gave up for him and his brothers, so their children could have the freedoms that citizens have here. They wanted their kids to grow up having a choice to do what they wanted to do in life. His parents made incredible sacrifices so their children could live the American Dream. Now, their son Luis is an American citizen and a proud veteran. We salute you.

Tonight, I want to share with each of you our ambitious plans to help more people live the American Dream—right here in Wisconsin.

Our focus is simple—more prosperity, better performance and true independence.

Going into this budget, we face a much different set of circumstances than we did two years ago. At the start of 2011, Wisconsin faced a \$3.6 billion budget deficit and the unemployment rate was 7.8 percent. At the time, I stated that moderation and frugality in government would lead to freedom and prosperity for our people.

Two years later and Wisconsin has a budget surplus and our unemployment rate is down to 6.6 percent. It wasn't easy, but we're turning Wisconsin around.

This allows us to invest in our priorities—priorities I've talked about in every corner of our state over the past few months—creating jobs, developing the workforce, transforming education, reforming government, and investing in our infrastructure.

This evening, I will share with you how our budget will help bring more prosperity to the people of Wisconsin; how we'll improve the performance of our needed government services; and how we'll push reforms that help people transition from government dependence to true independence. Bottom line—I want more freedom and prosperity for all.

Improving the economy is my number one priority. Over the past two years, we lowered our overall tax burden, we streamlined the regulatory process—so what we do enforce is about common sense and not government red tape—and we put limits on lawsuit abuse that was a hurdle for small businesses and farmers.

These positive changes to our business climate are part of the reason why 93 percent of the businesses surveyed by the statewide chamber now say Wisconsin is headed in the right direction, versus just 10 percent who thought the same in 2010. Chief Executive Magazine moved Wisconsin up from 41 to number 20 on the list of best states to do business in and Site Selection Magazine moved us up to number 13.

We're turning things around. We're heading in the right direction. We're moving Wisconsin forward.

To keep this positive momentum going, we need to do more. One of the best ways to grow our economy is to put more money back into the hands of the people and small businesses of the state.

With this in mind, I am pleased to announce an income tax cut of \$343 million. You, the hardworking taxpayers of this state helped to create the budget surplus, so it is only right that we put more money back into your hands. Over the next decade, this will lower income taxes \$1.7 billion.

We reversed the trend in Wisconsin in the last budget when we lowered the overall tax burden. Now we are lowering taxes on middle class taxpayers, by specifically reducing the rates for the middle- and bottom-three tax brackets. This will ensure a tax cut for everyone with the focus on making Wisconsin more competitive for middle class taxpayers and small businesses. This will truly stimulate the economy.

Think about it—more money in the hands of taxpayers will likely drive greater demand for goods and services, which will likely lead to greater production and eventually more hiring of employees. Overall, this would lead to more jobs for the people of Wisconsin.

Our middle class tax cut is a down payment on my goal of reducing the tax burden in our state every year I'm in office. I want to cut taxes over and over and over again until we are leading the country in economic recovery.

In addition to driving down individual income taxes, our budget will hold the line on property taxes. In the decade prior to my taking office, property taxes went up 27 percent. In contrast, in each of the past two years, property taxes on a median-valued home actually went down.

Keeping property taxes affordable is important for working families and senior citizens all across Wisconsin. In December, I received a wonderful card that sums up why this is so important to people from across the state. I have it right here – it reads:

Dear Gov. Walker,

I am a resident of Brown Deer and just received my property tax bill and it went down. Seeing that Brown Deer won't thank you, I will!! Nobody will give you any credit for that, but we do and we back you with everything you do! You are for the state and great Lord bless you and yours,
Edward Zelhofer.

Thank you for the card Mr. Zelhofer. You will be happy to know that this state budget continues to put a focus on property tax relief.

Higher taxes would slow our improving economy. With this in mind, this budget does not include a gas tax increase or a vehicle registration fee bump.

Overall, our budget includes more than \$630 million in tax cuts. Let me repeat that, our budget includes more than \$630 million in tax cuts. In addition to helping the middle class, our tax cuts support small businesses and key Wisconsin industries like manufacturing and agriculture.

Combined, a family of four, with Mom and Dad making about \$40,000 each would save \$272 dollars from the income and property tax relief in our budget. Over the next decade, this family stands to save more than \$1,000 in income taxes alone.

Our tough, but prudent, decisions two years ago put us in a position to further reduce the tax burden of our citizens, while still investing in our priorities. Compare that to the tax increases enacted and proposed in our neighboring states. And the folks in Washington, D.C., provide an even starker contrast to our positive results.

To tell the Wisconsin success story, our budget includes significant resources to market our improving business climate. We did the same thing in our last budget with new resources for tourism marketing.

Tourism had a \$16 billion impact on the state's economy a year ago, up 8 percent from the previous year. In this budget, we continue that support and expand our efforts to attract international visitors and to increase the number of meetings and conventions in Wisconsin.

As much as we love attracting new employers and visitors to our state, we really need to focus on helping start new businesses in Wisconsin. Our budget expands the Capital Catalyst program we just kicked off in Eau Claire and in Whitewater. This program helps new entrepreneurs take that first big step.

Two of those entrepreneurs are here tonight. Andrew Hoeft is a student at the University of Wisconsin—Whitewater, who created a new company called Date Check Pro, which helps grocery stores track the expiration date on merchandise. He got the idea after working at a Festival Foods store in Onalaska.

Along with Andrew is Joe Neuman. He has a new company called Got Apps Inc. that is working with companies like Date Check Pro to design apps to increase their productivity. Joe came to Whitewater from Illinois because he was impressed with the entrepreneurial spirit in the community.

Our investments in this program will assist even more entrepreneurs like Andrew and Joe.

To help even more start-up and emerging businesses, our budget includes \$25 million for an investment capital program. I put the money in the budget. Now, I ask the members of the legislature to work together to help pass a bill on the framework for the program, prior to passage of the budget. This is another important way for us to promote prosperity in Wisconsin.

As we work to create more jobs, we need people with the skills to fill the jobs. Our budget includes nearly \$100 million in new state support for workforce development.

We include resources for grants for employers, support for apprenticeships, programs for veterans, and funds for our technical colleges and University of Wisconsin system. We understand the state able to fix the jobs skill gap is the state that will lead the country in economic development. We want Wisconsin to be that leader.

Our plans put the focus on key skills clusters in areas like manufacturing, information technology, and health care.

Tonight, I want to introduce James Buhrow, who is a graduate of the Veterans in Piping program. This is a partnership providing service members and returning veterans with the training necessary to become certified apprentices in the pipefitting trades. This is one of the many fine programs we support in this budget.

In addition, I want to introduce Molly Day, Phillip Mercier, Jessica Novak, and Ed Dunbar. They are UW medical students involved in the Wisconsin Academy of Rural Medicine. Our budget expands this program and helps the Medical College of Wisconsin establish sites in Green Bay and Wausau to increase the number of health care professionals in the workforce and to improve access to quality health care in rural parts of Wisconsin.

In addition to health care, agriculture is obviously vitally important to rural communities across the state, where farming is more than just a business; it is a way of life. Our budget includes incentives for those in agriculture to make improvements in technology.

We also include resources to make sure the World Dairy Expo remains strong in our state. Plus, we move forward with our support for the Center for Dairy Research at the Babcock Hall Dairy Lab on the University of Wisconsin campus. Helping agriculture grow helps the state's economy grow.

Another important link to economic growth is a healthy inter-modal transportation system. Last year, Wisconsin exports were up 4.7 percent, compared to 4.5 percent nationally. Much of the increase in international trade went through our major ports in Green Bay, Superior and Milwaukee. This evening, we are joined by Green Bay port director, Dean Haen.

Overall, we make a \$6.4 billion investment in our transportation infrastructure in this budget supporting roads, bridges, busses, freight rail, airports and yes, ports. A good transportation system is good for jobs.

Recently, I stood with Terry McGowan and union workers at Local 139. He represents 9,000 members, who know the importance of building and maintaining a strong infrastructure system. Terry, thanks for being here.

In addition to these jobs, a strong transportation system is an important part of keeping and growing jobs in other industries too. Farmers, manufacturers, loggers, miners, and so many others need a way to efficiently get product to and from market.

That point was made again last week as I spoke with workers at Seneca Foods in Baraboo. A couple of them are joining us tonight. Please welcome Paul Palmby and Aaron Girard. Last year, I visited with them and they explained how the rail line in their back yard is important to many of the employers in their county. Our budget includes new support for improving freight rail.

We also include resources to improve access to high speed internet connections in our state. This is an issue I hear about in rural and underserved parts of Wisconsin. In a global economy, we can compete with anyone as long as we have the technology. Our investment helps bridge that gap.

Overall, our budget improves the prosperity of our citizens by helping employers create jobs, developing our workforce, and investing in our infrastructure. Now, let's share how our budget will help improve performance.

Next, I want to tell you about some of our top-performing public schools in the state. As of the most recent report card, 709 schools in this state exceed or significantly exceed expectations.

They are schools like Roosevelt Elementary in Janesville, Bluff View Middle School in Prairie du Chien, Morgan Elementary in Beloit, Jefferson Elementary in Richland, Howe Elementary in Wisconsin Rapids, Longfellow Elementary in West Allis, Grant Elementary in Sheboygan, Grayside Elementary in Mauston, and Al Behrman Elementary in Baraboo. A majority of the students at each of these schools are economically disadvantaged and, yet, they are high performers.

There are plenty of other schools that exceed or significantly exceed expectations. Schools like Franklin Elementary in Madison, Clayton Elementary in Neenah, Hewitt-Texas Elementary in Wausau, Maple Grove Elementary in Merrill, Houlton Elementary in Hudson, McAuliffe Elementary in Green Bay, Lincoln Elementary in Wauwatosa, Fremont Elementary in Fremont, and Pleasant View Elementary in Wild Rose.

High-performing schools like these and schools showing dramatic improvement in their scores will get performance incentives in our budget. We want to recognize and reward excellence—and replicate it in other places.

The schools have to earn the performance incentive each year. Under the current report cards, schools would get an average of \$30,000. They can use the funds for things like rewarding exceptional teachers.

While we are on the topic, let me also thank all of the amazing teachers from across the state. Having two sons who went through the Wauwatosa Public School system, Tonette and I really appreciate the hard work and dedication of so many wonderful teachers, who had a positive impact on their lives. I know many other parents across the state feel the same way.

Thankfully, there are many excellent schools in our state. In addition to recognizing our many great public schools, I want to introduce you to some students, parents, and leaders from St. Marcus and from Notre Dame. These schools are in the voucher program. Both are located in areas of high poverty and both far outperform their Milwaukee Public School counterparts on reading and math.

At Notre Dame, an all-girls middle school on Milwaukee's south side, college is the goal. 98 percent of the middle school graduates complete high school and 82 percent go on to college. St. Marcus Lutheran School serves nearly 700 students on Milwaukee's north side. The results show both schools do at least 50 percent better than Milwaukee Public Schools in reading and in math.

These are just a few of the young people, who are performing well in our public, charter, choice, virtual, and home school environments all across Wisconsin. We applaud these high achievers.

Overall, I put \$475 million in new state funds into our schools and higher education system in this budget. For the first time, a significant portion of that is based on performance.

In addition to rewarding high-performing and rapid growth schools, we also put new resources in to help turn around schools failing to meet expectations. These schools will receive additional funds once they prove they have a plan to fundamentally improve their schools.

We should not pour more money into institutions that are failing to meet expectations, if they continue down the same path. We should demand a corrective action plan to fundamentally improve the education of our children. Our goal is to get every school to be a high-performing or rapid growth school.

For communities where some schools fail to meet expectations, we include an expansion of the parental choice program in this budget. Since wealthy families have a choice because they can pay to send their children to a private school, we give low income and middle class families an opportunity to also choose a viable alternative for their sons and daughters.

Interestingly, some communities have both high-performing schools, as well as some that fail to meet expectations. Green Bay is a good example. Keller Elementary in Green Bay is a school where more than 70 percent of students are economically disadvantaged, yet Keller Elementary exceeds expectations. In this budget, schools like this will be eligible for a performance reward. At the same time, in that same district, there are other schools that fail to meet expectations. Other districts like Madison, Beloit, Sheboygan, and West Allis/West Milwaukee have similar situations.

Our budget plan rewards high-performing schools, like Keller Elementary in Green Bay. At the same time, our budget gives financial assistance to turn around schools that fail to meet expectations. While we work to improve underperforming schools, our children can't afford to wait. This is why we provide new choices for parents in areas where schools are failing to meet expectations.

In the end, our goal is simple: ensure every child – regardless of where they are from or what their family income is – has access to a great education.

In this budget, we also include new funding for reading screeners to help prepare our young students, a new partnership for improving reading and math skills through the Boys and Girls Club and additional support for Teach for America staff. We tap multiple sources to improve educational performance.

Working with Dr. Tony Evers and the state Department of Public Instruction, we include resources for educator effectiveness and new professional tools for our teachers. We support ACT testing for all of our students—that goes beyond just the college bound. And we fund academic and career assessments to help students prepare for their future place in the workforce.

In higher education, we provide additional funding for our technical colleges and give their board the tools to move towards a performance-based system. We want them to work

towards matching students with the skills needed to fill the jobs of today—and, more importantly, tomorrow.

We give more resources to the University of Wisconsin and we give them the flexibility to use those resources wisely. Plus, the new UW FlexOption will open the door to more affordable options in higher education. And we continue our support for financial aid to students in our many fine public and private colleges and universities in Wisconsin.

In addition to education, we include changes to improve performance in other areas too. Working with Attorney General J. B. Van Hollen, I included new resources to fight internet crimes against children, to improve GPS monitoring of people on restraining orders in domestic violence cases, and to expand the number of DNA samples we collect to solve and to prevent crimes.

With the provisions in our budget, Wisconsin will expand the number of samples in the DNA database by more than 50,000 in the first year. I want to thank Senator Sheila Harsdorf for her steadfast work on this program. And I particularly want to thank Jean and Kevin Zimmermann of Marshfield.

In 2008, their daughter Brittany was killed here in Madison. The Zimmermanns have been vigilant in their fight to find her killer and to expand the use of DNA. Their hard work will not only help families like theirs, but will ultimately help prevent other families from having to go through what they went through—Jean and Kevin, thank you for being here tonight.

Even though much of the attention on health-related subjects is focused on the federal government, we make some significant investments to improve performance in our state. Our support in this budget for the Wisconsin Health Information Organization will help create a more transparent system for all of us as health care consumers. More objective and clear information will allow us to better manage our health and wellness—and not just our health care costs.

We improve our ability to treat and cure cancer by our support of the UW Carbone Cancer Center. They will create a new Wisconsin Oncology Network of Imaging Excellence to share their cutting edge work with health care providers across the state.

The problems of domestic violence and child abuse affect families all across the nation and, unfortunately, in our state. Our budget invests in a first-of-its-kind Family Justice Center directly connected with a Child Advocacy Center. The center will provide shelter and care for victims of domestic violence, as well as a coordinating center for child abuse prevention efforts across Wisconsin.

More than the convenience of having all the different services in one place is the importance of protecting victims from their abusers. A survivor of domestic violence at the Sojourner Family

Peace Center reminded me of that during a recent visit. Victims need a safe place to go. Our budget supports shelters in Milwaukee and Madison, as well as services all across the state.

And if people are going to perform well in our state, they should be able to improve their mental health as well as their physical health. Nationally, serious mental illness costs at least \$193 billion a year in lost earnings. In Wisconsin, only half of all the adults with serious psychological distress received mental health treatment or medication.

With this in mind, our budget includes the largest commitment to mental health services in 30 years. This investment in community-based services will increase the independence of people living with mental health needs and maximize their ability to be contributing members of our state.

Our investments are focused on improving performance in Wisconsin.

Now, I will share how our budget will reform state government.

I dare say that I don't think any of us grew up with the dream that someday we would be dependent on the government. It almost seems foreign to the American Dream.

But sadly, it seems some folks in Washington measure success in government by how many people are dependent on the government. In contrast, I measure success by just the opposite—by how many people are no longer dependent on the government.

No, we're not talking about pushing people out on to the streets. Instead, we are talking about empowering people to control their own destiny with a job in the private sector where they can pursue their dreams. This is what truly leads to freedom and prosperity.

It is why our budget is built on a plan to reform a broken system and transition people from government dependence to true independence.

A major part of the plan is what we do with Medicaid and how it relates to the federal health care mandate. Specifically, our actions allow us to reduce the number of uninsured in our state by 224,580.

We also reduce the net number of people who are on government-run Medicaid. Some 87,000 people living above poverty will transition into the private or exchange markets, where they can get a premium for as low as \$19 per month.

At the same time, we are able to add 82,000 people currently living in poverty. Many of these individuals were not covered by Medicaid in the past because of a cap put on the program by the previous governor. Going forward, everyone living in poverty will be covered under Medicaid.

This also prevents putting the state at risk of the federal government not being able to fulfill the enormous new financial obligation under the Affordable Care Act. Of the current \$644 million cost to continue Medicaid in Wisconsin, about 39 percent of it comes from changes made by the federal government. If they cannot fulfill their current obligations, what makes us think the Congress and Administration can cover even bigger costs in the future when they are sitting on a \$16.5 trillion debt?

Our budget proposes to reform entitlements in other ways, too.

Like most states, Wisconsin sought a waiver in the past from requiring job training to people on food stamps. Only a few have taken advantage of the voluntary program.

One of them is Elizabeth from Milwaukee. Last spring, she completed the Smart Path Program and got into the Milwaukee Area Technical College. While there, she completed the certified nursing assistant program and got a job as a CNA. Now, she is working to become a nurse.

Alan is another example. He started in the program last year and got help preparing for a job. Today, he has a full-time job with benefits. Alan is employed as a welder at a steel company in Milwaukee.

My budget changes the food stamp program so non-elderly, able-bodied adults will be required to be enrolled in employment training to receive food stamps. More than 75,000 people will benefit from getting extra help with job skills.

I'm all for providing a temporary hand up, but for those who are able-bodied, it should not be a permanent hand out. I care for the people of this state too much to force them to live a life of dependence on the government. I want those who are able to be prepared so they are ready to fill a job when one is found—so they can have the same type of success that Elizabeth and Alan have had with our program.

These reforms will help transition people from government dependence to true independence.

There is a reason we celebrate the 4th of July instead of April 15th. It is because we celebrate our independence as free men and women and not our dependence on the government. Our reforms move people to true independence.

This is the American Dream and our budget shows it is alive and well in Wisconsin. Our ancestors came to this country to embrace it—and we work hard each day—so our children can live it still today.

Many generations ago, my family came from Ireland, Wales, Scotland, and Germany to live this dream. Tonette's family came from Italy. Just a generation ago, my brother's in-laws came from Mexico. Each came to live the dream of more freedom and prosperity for future generations.

This is the same dream that Sgt. Cortes-Avila's parents envisioned when they came to America. Now, their son is an American citizen and a veteran of this great country. Our budget puts in place reforms and performance measures to ensure that his and future generations have access to even more freedom and more prosperity for years to come.

So tonight, I ask for your help. Tonight, I ask the members of this state legislature to review, improve, and then pass this budget. Working together, we can continue to move Wisconsin forward.

Thank you, and may God richly bless each and every one of you.