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[00:00:44] **Speaker 1** Wisconsin comes into the budget season with a $4.3 billion surplus. But as expected, the Republican majority legislature calls the Evers plan dead on arrival. Republican budget riders say they will start from scratch. We're joined by Jason Stein of the Wisconsin Policy Forum for his take. And thanks for being here, Jason.

[00:01:05] **Speaker 2** My pleasure. Thank you.

[00:01:06] **Speaker 1** So it sure seems like a lot of work and a lot of number crunching on the part of the governor and his administration to end up with a budget that's DOA. But is it more like a potential reelection vision statement on the governor's part?

[00:01:22] **Speaker 2** Potentially, yes. I mean, it's certainly a vision statement, right? And you do feel a little bit for the analysts and budget writers who work, you know, painstakingly to put all this stuff together. And then it's right into the the trash heap in some sense. But there may be some areas where they can work together. I mean, the governor had an increase in tax credits for buying down local property taxes. He had tips taking off income taxes for tips. So there's some areas where Republicans have worked in those same vein in the past. So there may be some areas where they can have a meeting of the minds. But clearly on many things in this budget, there will not be.

[00:01:58] **Speaker 1** In fact, I was kind of just ask of all of the spending in it. Could the only agreement really come up with tax cuts?

[00:02:07] **Speaker 2** Well, that's where the real rub is going to be. Are the back and forth with the governor. I mean, the governor's proposal would decrease some taxes but raise a number of others, and on net would increase taxes by more than $2 billion. Now, obviously, given that the state has a $4 billion surplus, that's a nonstarter for Republicans. They will be looking at large income tax cuts, which last time the governor vetoed. I think the thing that will probably keep both sides working with one another is with no budget passing, there would be upward pressure on property taxes around the state, particularly school property taxes, because of provisions that are in current law. So I think both sides are going to really feel some pressure to get a deal, because they don't really want to see that happen.

[00:02:56] **Speaker 1** With K-12 test scores really sadly sagging. I trust pouring more than $3 billion into that part of the education budget and freezing school choice slots is not the majority's idea of an answer.

[00:03:12] **Speaker 2** I mean, clearly they're very far apart from one another on the issue of both income taxes and education. You know that the one being the Republican priority, the other being the governor's priority. I think, again, where you have some impetus to get that increase is in the governor in his veto last year, put for 400 years, he stuck in with his partial veto. This steady increase in the limits to state limits that govern how much school districts can spend. And so they're going to get like a two and a half or 3% bump in that spending limit, revenue limit every year. And so if there's no budget, there's no state aid to kind of take up the slack there and keep property taxes from going up. And I think that's something that Republicans have in the back of their heads, and will be a reason for them not to walk away from the negotiating table.

[00:04:09] **Speaker 1** Where else might the sides potentially come together? What about Evers prison plan that would eventually close green Bay Correctional? Do Republicans take parts of that and kind of call it their own?

[00:04:22] **Speaker 2** And that's a great question. I mean, I think there's something fundamentally there that must be dealt with. I mean, we have two prisons that go back to the 19th century with Pot and Green Bay Correctional. The governor wants to close green Bay Correctional. He has a very creative way to do that. I mean, it's kind of like a flea flicker play in football where you're you're passing the ball from one player to another and they're throwing downfield. It's a touchdown if you get that and you connect on that play. But it also has a lot of ways it can break down. I suspect the Republicans will probably not take that planets in its entirety, but some elements of it they may do.

[00:05:00] **Speaker 1** Also, Evers proposes what's described as an historic investment in the university $856 million over two years. Given what's happening around the state, with closures and layoffs and that kind of thing at the at the colleges, does that resonate?

[00:05:17] **Speaker 2** It's a great question. I mean, the issue of higher education has become very politicized, much more than it was, let's say, two decades ago. And so, you see, actually, at the federal level, some dispute right over whether to decrease the amount of research grant funding that goes out to universities like UW Madison or the Medical College of Wisconsin or even UW Milwaukee, whether or not there there may be some increase on the possibility, because in many cases, the UW campuses that would be hurt the most would be in more Republican areas, or at least in purple areas of the state. So that one, I think, is to be.

[00:05:57] **Speaker 1** It seemed of note to me that Evers was using his budget to try to guard against impacts from President Trump's actions out of Washington, saving out what was it nearly $500 million of kind of in case money?

[00:06:11] **Speaker 2** Right. I mean, the governor's leaving enough reserves to cover about 10% of state spending. I mean, that's historically a pretty good number. At the same time, it would not be enough in the event of a really severe recession. So I think there will be some back and forth with the legislature again. The governor would pull down roughly $3.5 billion of the surplus. But, you know, Republicans did the same thing two years ago with their income tax proposal, and the governor just partially vetoed it. So I think part of the question is, do the two sides working at cross-purposes get us to a sustainable budget, which is what has happened in recent cycles, Or an unsustainable budget, which is more what happened in the 2000. When you and I were starting at the state capitol?

[00:06:58] **Speaker 1** Indeed. Well, Jason Stein, thanks very much. Thanks for joining us and your expertise.

[00:07:03] **Speaker 2** Thank you. A1 b2 b3. You're like, wait, what? What did you say exactly?

[00:07:39] **Speaker 1** What was the amendment? You just voted.

[00:07:41] **Speaker 2** To sort of mentally to. Be interesting to see what happens. What do you think of the bill?

[00:07:51] **Speaker 1** You know.