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WMC Talking Points for Opinion Leaders

As Wisconsin faces an unprecedented flurry of recall elections, we are seeing many distortions and misstatements.

A recent series of TV ads from [We are Wisconsin](#) contain a number of misstatements that need to be corrected and challenged in our communities by opinion leaders. We Are Wisconsin is a union-led front group dedicated to ousting lawmakers who support job-creating policies such as lower taxes, regulatory relief, collective bargaining reform, lawsuit reform, and government spending cuts.

Please use these talking points to set the record straight with colleagues, co-workers, employees, friends, and neighbors. And, feel free to forward them to your personal contact lists.

Fiction. The new state budget increases taxes on families, while giving tax breaks “to corporations and the super rich.”

Fact. Recent budget legislation does not increase income, sales, or excise taxes, and it effectively freezes local property taxes.

Indeed, because the income tax is “indexed” for inflation, typical low- and middle-income taxpayers—those with incomes up to \$70,000—will get small tax cuts, as they do every year. During the 2009 tax-filing season, those cuts averaged over 2%.

The “tax breaks” referred to cut taxes this year by \$80 million. That is just 0.6% of general state tax collections expected for the year. Next year that percentage is still under 1%. These figures are trivial compared to the \$3 billion in tax and fee increases enacted to cover the four years ending this past June.

The largest tax cut is an income tax deduction for hiring new employees (jobs!); the second largest merely follows federal law and allows those with health savings accounts to make tax-free deposits to those accounts—hardly the “super rich.” The third largest does not cut taxes at all but merely delays payment of capital gains taxes.

Fiction. The new budget makes “devastating cuts” to our schools.

Fact. To close a \$3.6 billion state deficit, every major state program, except Medicaid for the poor, had to be cut. Since school aids accounted for about 40% of state general fund spending, it was impossible to reverse 15 years of continual state structural deficits without trimming K12 aids.

Governor Doyle, a Democrat, recognized this in 2009-11 when he cut monies

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for schools by about \$300 million. The new budget reduces general aid this year by \$386.2 million but still sends K12 districts almost \$4.3 billion. Next year, general aid would grow by \$25 million over this year's amount.

Governor Walker cushioned the school aid reduction with the next best thing—cost relief on the spending side—by asking educators to share in the cost of their retirement and health care. Currently, teachers contribute nothing to retirement, while contributions to health care range from nothing to modest.

Even after this change, Wisconsin will have some of the best teacher benefits of any state in the nation. In 2009, the Census Bureau reported that Wisconsin teacher benefits were 40% above the average for teachers elsewhere.

Had these benefit changes not been offered, school districts would have had to lay off educators. And that would have been far more devastating than the benefit reforms.

[Click here](#) to see an investigative report from WITI TV 6 on how Governor Walker's collective bargaining reforms are saving school districts millions of dollars. The *Wisconsin State Journal* [reported](#) that children are being protected from spending cuts because insurance companies and teachers' unions are making concessions. "School children are being protected," the WSJ wrote.

Fiction. The new state budget slashes help for the poor and disabled.

Fact. Quite the contrary. Although some small programs may have been reduced, the state's largest welfare program—by far!—is Medicaid, and its budget was *increased* by \$1.2 billion.

Fiction. The 2011-13 budget drastically cuts state spending, which can only harm public services.

Fact. The new general fund budget spends \$29.0 billion over the next two years. Comparable state spending during 2009-10 was \$12.8 billion and is estimated at \$14.2b for the year just ended for a two-year total of \$27.0 billion. Thus, due largely to Medicaid, state general fund expenditures are rising by \$2 billion, or 7.6%. Yes, many programs had to be reduced, but, overall, the budget did not see a "drastic cut."

Fiction. The new state budget puts dedicated state employees on the street.

Fact. With selected program reductions and state government reorganization, some job positions were eliminated. But, overall, state positions paid for with state tax dollars increased over last year's base by 13.

Fiction. The senate GOP recall elections are a grassroots movement of Wisconsin citizens.

Fact. Republican senators are being recalled due to professionally organized campaigns led and funded by public employee unions, both state and national. Some union leaders privately admit that these efforts are not about state budget cuts or even reductions in employee benefits.

What these recalls are really about is union power. Until now, all public employees were mandated to pay union dues, and state-local government tax dollars paid for their collection. Now, public workers are free to choose whether to pay dues, and taxpayers no longer fund their collection.

Sources: All data are the Legislative Fiscal Bureau or selected state agencies.

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