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WISCONSIN STATE SENATOR

SENATE MAJORITY LEADER

An Open Letter to the Workers and Families of Wisconsin

February 15, 2010

Fellow Wisconsinites:

I'm not happy that we've found ourselves here today. None of us are. But we've got a huge problem on our hands.

Our state is fundamentally broken, and punting the problem on to our kids is simply not an option. Frankly, this is what happens when the government spends like a drunken sailor and never worries about the bill coming due.

But the bill has come due. Ignoring that fact doesn't change a thing.

I'm writing this letter to give it to you straight from the source: without the filter of a union boss, or a special interest, or the press, or the rumor mill.

First of all, our state is in rough shape.

In Washington, they can keep spending your tax money even if keeps sending the National Debt skyrocketing. Here in Wisconsin, it's actually written into our constitution that we can't run a deficit. Again, even if we could, I am not open to kicking the can down the road and sticking our kids with problems that could have been solved today.

This problem is NOW. If we twiddle our thumbs and do nothing, our state will, plain and simple, run out of money in the Medical Assistance program, the Public Defender's office, and the Corrections Department. The state owes \$200 million to the Injured Patients and Compensation Fund, and almost \$60 million to Minnesota in reciprocity payments. Even if you don't count that \$200 million debt, and you ignore the \$65 million positive balance the state is legally required to carry, we're still more than \$136 million short this year alone.

Does it get easier with the next budget? Exactly the opposite. Starting on July 1 of this year, Wisconsin faces more than a \$3 billion (with a "b") deficit between the state's revenue and its

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spending obligations, and unemployment payments have run up a \$1.5 billion debt to the federal government on top of that.

Our state's bill is coming due, and the federal bill isn't far behind. I have a feeling the same conversations we're having today are going to play out in Washington in the next few years.

How did we get here?

Wisconsin lost nearly 150,000 jobs¹ in the recession. But rather than deal with the problem directly and make tough decisions during tough times, the government decided that its spending projects would take a higher priority than everyday folks being able to make ends meet. The government, it seems, knows no recession. In 2009, the Democrats in control of Wisconsin's government passed a budget that hiked taxes on private-sector workers, small businesses, property owners and Wisconsin families by billions of dollars (again, with a "b").

But even those billions in tax hikes weren't enough: the Democrats relied on \$2.4 billion in one-time government stimulus money to balance that budget – a "bailout" for the state. That money is gone – spent not on one-time job stimulus projects, but ongoing expenditures with no long-term solution. But the straw that broke the budget's back, on top of the one-time stimulus money, the job-killing tax hikes, and the unsustainable borrowing, were programs Wisconsin couldn't afford even in better times. The state currently pays for health care for childless adults making up to 200 percent of the federal poverty level, and even provides taxpayer-funded benefits for illegal aliens.

The recession was a crushing burden on people from every walk of life, and the government doubled down. Nearly two years later, we're still feeling the effects, and we're just as broke now as we were then. Wisconsin was rated by the Pew Center on the States as one of the ten states "in fiscal peril"²

Frankly, these problems shouldn't be a surprise. Since 2000, Wisconsin's GDP (gross domestic product) has grown by about 38 percent³. Since 2000, the U.S. CPI (consumer price index) has grown about 27 percent⁴. How much has our state government grown? Nearly 60 percent! This year, the state government is asking for nearly 60 percent more spending than it was in 2000 (58.89 percent – more than \$67 billion).

What's the alternative?

Many of you, through rhetoric or the media or word of mouth, have heard parts of what's in this budget repair bill. But what you probably haven't heard, is what's *not* in it.

- **No tax hikes.** Runaway government isn't the solution to the problem – it is the problem.

¹ WI Department of Workforce Development, seasonally adjusted

² Pew Center on the States: http://www.pewcenteronthestates.org/report_detail.aspx?id=56044

³ Bureau of Economic Analysis: <http://www.bea.gov/regional/gsp/action.cfm>

⁴ Bureau of Labor Services: <ftp://ftp.bls.gov/pub/special.requests/cpi/cpiiai.txt>

- **No furloughs.** The previous budget required 16 furlough days, the equivalent of a 3 percent pay cut. This bill contains *zero* furloughs, to the disappointment of the critics.
- **No job cuts.** Without this bill, the state could have to lay off as many as 1,500 public-sector workers to make ends meet, and as many as 5,000 jobs in the next budget.
 - Texas, Georgia, and New York are proposing massive job cuts to solve their budget gaps, between 9,300 and 14,000 positions, and California is proposing a 10 percent pay cut for state employees. Wisconsin has none of these.
- **No service cuts.** The looming M.A. deficit alone could mean eliminating services for 194,000 children, 92,000 adults or 16,000 elderly, blind or disabled persons. This bill keeps the promises that were made and shields the most vulnerable from cuts.
- **No changes to Civil Service, vacation or sick leave policy.**
- **No “easy fix.”** Anybody who promises you that there’s an “easier way” to close this gap is trying to sell you something.

Straight Talk.

I’d like the opportunity to address union workers directly, without the filter of their union bosses.

The first misconception I want to clear up is that the government is on a witch hunt for union cards, as some would lead you to believe. The vast majority of state employees and teachers are dedicated, hard-working public servants who go about their job the right way. These measures are not punitive in any way.

I think most reasonable people also realize that there’s no way we can come to a solution without some shared sacrifice. More than one-third of the state budget is spent on state operations, and half of that is on salary and benefits for employees. That percentage is much greater at the local level. We can’t possibly solve this problem without involving public employees in some way.

Governor Walker has made it clear that union leadership has no interest in good-faith negotiation. Over the last ten years, even with a Democratic governor, every single state employee contract has been signed late. On average, they’ve been 15 months late, even though every single contract contained a net compensation increase, in good times and bad.

Moreover, the union leadership has made it clear that they have no interest in negotiating with Governor Walker: whether it’s calling his proposals “an assault on the middle class” or a “war,” or AFSCME’s leader calling both Scott Walker (R) and Russ Decker (D) a “whore,” or the veiled threats I and at least one of my colleagues have already received personally, which the authorities are investigating. I think we can all agree that this hyperbole and tone have no place in a reasonable discussion.

The right direction forward.

Nobody likes telling their kids they can’t afford that new toy. Nobody likes doing the math and realizing they can’t afford that vacation this year. Before the bubble burst, nobody wanted to admit they couldn’t afford that new subprime mortgage.

But Wisconsin simply can't afford the status quo.

It's not a coincidence that this is the sixth time since Gov. Doyle was elected that some kind of budget fix has been necessary. The only real way to help is to improve the economy, create jobs and fix the budget to put our state in a position to grow. The only thing that's been growing lately has been the budget.

I appreciate your willingness to listen to both sides of this debate, and I look forward to this frank conversation about the direction of our state.

Maybe none of us can afford to split this bill, but we can't steal money from someone else's pocket, and we can't ditch out when the waiter isn't looking.

The bill is due, and this is how we're going to pay it.

Sincerely,

A handwritten signature in black ink that reads "Scott Fitzgerald". The signature is written in a cursive style with a large, stylized initial "S".

Scott Fitzgerald
Senate Majority Leader