

April 23, 2021

Honorable Members of the Wisconsin Legislature Joint Finance Committee

RE: TESTIMONY ON THE 2021-2023 BIENNIAL BUDGET

Dear Members:

We are submitting this testimony from our 65 year old League of Women Voters of Ashland and Bayfield Counties to urge your thoughtful and visionary leadership on behalf of our rural Wisconsin counties.

Whether it is our public education, or our roads and broadband, or our long term care and mental health services, rural Wisconsin has been disadvantaged by the past 25 years of bi-partisan austerity funding from the State. We feel this is an opportune time to restore the health and strength of our rural area by making significant investments. The state revenues are in surplus, Federal Pandemic Relief funds are available, and our local needs are crying for attention.

Ashland and Bayfield Counties have been the victims of a failed idea that if you just cut government funding then private sector investment will move in to fill the demand. For counties with populations the size of Bayfield (15,000) and Ashland (16,000), that never made sense. If it had been profitable to install broadband, fix our aging infrastructure, deliver long term care services for elders and people with mental illness, drug and alcohol addiction or disabilities, or offer affordable health insurance, private companies would have flocked into the market.

They did not. Instead our town roads and bridges are crumbling, we've had to pass referendums to keep our schools open, many of our farmers and small business owners cannot afford health insurance, childcare is scarce and high cost, our formerly laudable long term care services for our elders and persons with addiction or mental health issues or developmental disabilities have become thread bare or gone out of business and there is a shortage of affordable housing.

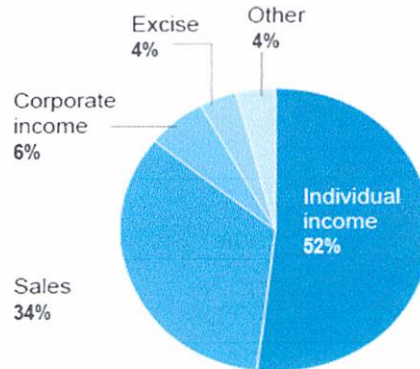
We therefore petition you to revisit these important state policies in the next Biennial Budget:

1. RESTORE FAIR TAXES WITH HIGHER STATE AIDS

We are long overdue to balance the revenue being raised from income taxes and corporate taxes versus from property and sales taxes, the latter which disproportionately hit Ashland Bayfield Counties' middle and low income taxpayers. See chart below:

General Purpose Revenue Taxes by Source

For 2018.



Source: Wisconsin Department of Administration
WISCONSIN BUDGET PROJECT

In this Spring's election Ashland County proposed a referendum to temporarily raise property taxes to pay for County services. It was understandably defeated and now major cuts will be made to County programs. These cuts could be restored with an infusion of State funds. It is only fair that if the modest income tax payers of Ashland and Bayfield Counties and its municipalities are being asked to raise their taxes, the Legislature and the Governor should close the tax loopholes garnered by wealthy taxpayers and major WI Corporations (eg. like big box "dark store" manipulations by Walmart, Walgreens, Menards, etc.) over the past 40 years. Wisconsin was once lauded for its fair and progressive tax policy. Both individuals and businesses benefit from Wisconsin's services such as our public education and our roads. Everyone should be paying their fair share.

2. **EXPAND BADGER CARE.** Accepting Federal Medicaid expansion dollars is not only smart budgeting, it is a moral imperative. Making health insurance affordable for low income wage earners in our rural Counties would be a big boost for small businesses and farmers, our long term care providers, and help reduce child poverty. Currently one of our major nursing homes is skating on the brink of insolvency.

Currently, WI receives only the "traditional" 59.37% Federal Medical Assistance Percentage (FMAP) to help cover our partially expanded BadgerCare. If WI expanded fully, the state would save \$635 million over 2 years, as Medicaid expenses covered by the federal share would increase to 90%, provided under the Affordable Care Act. In addition, according to Wisconsin's Legislative Fiscal Bureau, WI would gain over \$1 billion in new temporary savings, due to the 2-year incentive of 5% for the Medicaid expansion group provided by the COVID

relief bill passed in March 2021. This frees up Wisconsin tax dollars for other much needed investments.

In Bayfield County, 36% of households are living either in poverty or below the threshold determined by the Survival Budget of the ALICE study of Wisconsin's United Way. In Ashland County, 44% of households are in this income category. Our rural area depends heavily on tourism & agriculture/forestry/fishing, with many families supplementing seasonal income by having several jobs or a side business-- working full-time, but without employer-based health insurance. The United Way study found that only 26% of working-age adults in WI had the security of a salaried full-time job. Those struggling financially span all ages & are often those caring for our children/elderly/disabled, growing/processing/transporting food, or providing other essential services to keep our communities running.

Medicaid expansion makes solid financial sense. "Studies show that marketplace premiums are lower in states that expanded Medicaid and ... marketplace premiums in border counties in states that border Wisconsin but that fully expanded Medicaid (Minnesota, Michigan, and Illinois) were 19 percent (or roughly \$57 per month) lower than in Wisconsin over the 2014-2018 period." (<https://www.cbpp.org/research/health/partial-medicaid-expansions-fall-short-of-full-medicaid-expansion-with-respect-to>). Investing in the health of Wisconsinites with Medicaid expansion would have benefits beyond decreasing uncompensated expenses for healthcare providers. In 2018, adults with one or more health issues making it difficult to get to work accounted for 21% of working-age adults out of the workforce. Healthy adults are more productive workers, less-stressed as parents, & can contribute more fully to their communities.

- 3. PHASE IN AN INCREASE IN THE MINIMUM WAGE AND MANDATE PAID SICK AND FAMILY LEAVE FOR BUSINESSES ABOVE 50 EMPLOYEES. Make jobs attractive enough in our rural counties to keep our young people and attract young people to move here. They are our upcoming tax base.** Young people currently leave, or choose to settle in places that offer living wages and good benefit packages. So let's make that happen in rural Wisconsin by increasing our minimum wage. (Even at \$11/hr.(\$23,000/yr.) families cannot cover monthly bills with current rent - \$700/mo. plus utilities, car payments, food, childcare, health insurance). And, yes, our small businesses will have an adjustment, but they can pass those costs on to their customers, and higher wages mean increased local buying power circulating around our communities. This will also greatly assist women in our area who disproportionately work in low wage service jobs - food service, home health and nursing homes, childcare. It also lessens our need for government funded poverty programs. Studies show that other states and cities which have raised their minimum wage have not seen higher unemployment or significant business closure.

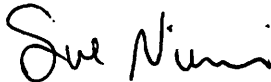
4. **MODERNIZE WI UNEMPLOYMENT INSURANCE SYSTEM.** Wisconsin's unemployment numbers grew to 585,440 during the March - December 2020 COVID 19 pandemic. The inability of the Department of Work Force Development to process the 8.8 million claims and pay out \$4.6 billion in Unemployment Insurance to Wisconsin residents in a timely manner meant many people in our area waited months, some as long as 5 months for their unemployment checks. Their inability to pay their living expenses is unconscionable. Governor Evers's plan to spend \$5.3 million to begin modernizing the system should be kept in the budget.
5. **REDUCE THE WISCONSIN CORRECTIONS BUDGET.** Corrections receives 7% of WI funds vs. 5% for local governments. Wisconsin incarcerates 46% more people and spends 56% more on corrections than the State of Minnesota with a similar population size. Ashland and Bayfield Counties are also models of efforts to provide alternatives to incarceration. For that reason our LWV/ABC endorses state level efforts to reduce incarceration for non-violent offenses, to increase mental health funding, to build on local programming for youth offenders and to redirect funds to treatment programs with demonstrated effectiveness in reducing recidivism and moving offenders toward productive community citizenship.
6. **SUPPORT BUDGET INCLUSION OF SPECIAL SUPPORTS AND INCENTIVES FOR SMALL FARMS AND BUSINESSES.** This is consistent with Ashland and Bayfield Counties' efforts to build a more resilient and sustainable regional economy. Economic development research now shows that most growth comes from the bottom up, not the top down. The Amazons and the Teslas do not produce the most new jobs. They come from grassroots entrepreneurs. Additionally, the international supply chain deficiencies revealed by the pandemic make healthy local enterprise all the more relevant.
7. **BUILD MORE AFFORDABLE HOUSING.** We are rural counties where affordable housing should be in good supply. It is not. Almost daily our local food shelves operated by BRICK Ministries have homeless people appealing for housing assistance. Both County low income housing authorities have waiting lists. The wait in Ashland County is two years. Two immediate causes come to mind: 1) wages have not kept up with rents; 2) there has not been any appreciable increase in low-moderate income housing construction for many years. This has caused a big demand for public construction of a homeless shelter. This is an expensive fix for what should be a better and more cost effective long run solution, public investment in affordable housing.
8. **FULLY EXTEND HIGH SPEED INTERNET TO ALL PARTS OF OUR STATE.** If the pandemic has only shown us one thing, it is that rural Wisconsin cannot compete in the zoom economy. Our local internet providers tell us that our low population numbers do not justify their broadband expansion. OK. We get that they need to make a profit. So does this mean that our students and small farms and

businesses are permanently disadvantaged? This is when our taxes should go to have the State step in and remedy an unfair situation.

- 9. SAVE OUR PUBLIC TRANSIT – THE BAY AREA RAPID TRANSIT (BART).** With their budget revenue shortfall for 2021, this is one of Ashland County's items on the chopping block. People have to get to their jobs. This is key economic infrastructure for rural counties. If one county eliminates their contribution to this service it cannot be sustained. Once it is gone it will be expensive to rebuild and reinstitute it.

The League of Women Voters of Ashland/Bayfield Counties stands behind Ashland and Bayfield County's efforts to safeguard its important programs. We respectfully request that our Wisconsin legislature take full advantage of any and all available revenues to lead in rebuilding the strength and health of our rural areas.

Sincerely yours,

A handwritten signature in black ink that reads "Sue Niemi". The signature is written in a cursive, flowing style.

Sue Niemi

President-League of Women Voters of Ashland/Bayfield Counties