

Ideas for Using "Faith and Facts"

Pastors and lay leaders may copy and distribute this booklet "as is" to:

- committees or mission teams focused on Christian Witness and Service, Justice or Public Advocacy;
- congregants attending adult forums or other events where a focused study could be made of the state budget; or
- members at large for individual study and reflection.

We have tried to structure it to be suitable for one or more conversations among members in adult forums or other settings as they seek to consider how their faith relates to the proposed budget.

Pastors and lay preachers should also feel free to excerpt portions of this booklet for use in sermons, adult Sunday School, or other teaching forums. Excerpts could also be used in church newsletters or other venues.

If individuals or groups wish to communicate with their legislators about this budget before it is enacted, it will be important to do that soon. The budget will likely be debated in the Assembly and Senate and be enacted in June. An easy way to contact legislators is through the Legislative Alert Center on the Wisconsin Council of Churches website at www.wichurches.org.

The broader conversation will still be important over the summer and into the fall. Issues will still be discussed, especially in districts where recall elections will be held as a result of votes on budget-related matters.

FOR MORE INFORMATION

Visit the Wisconsin Council of Churches State Budget resources page www.wichurches.org/advocacy/wisconsin-state-budget-2011-2013/ which has links to sites with informational papers on state budgets and programs, including:

- The non-partisan Legislative Fiscal Bureau
- Wisconsin Council on Children and Families Wisconsin Budget Project

Read the statement by Minnesota Religious Leaders, "A Common Foundation: Shared Principles for Overcoming Poverty" (2004) at: www.mnwithoutpoverty.org/resources/a-common-foundation.html



A Discussion Guide on the 2011-2013 Biennial State Budget



Wisconsin Council of Churches May 2011

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Faith and Facts:

A DISCUSSION GUIDE ON THE STATE BUDGET

*"For where
your treasure is,
there will be your
heart also."*

– Luke 12:34

Wisconsin's Governor and Legislature are considering major changes in our State... changes that will affect businesses, schools, local services, and especially poor people.

Governor Walker proposes to reduce the state budget deficit by sharply reducing state funding to public education, local

governments, and safety net services that assist low-income people, and by making other changes intended to create jobs and stimulate economic growth, such as cutting corporate taxes.

Public opinion about these changes is sharply polarized. Much of the rhetoric swirling around this divide has been heated, bitter, exaggerated, insulting, and inflammatory.

How should the churches of Wisconsin respond? How should we live out our Christian faith in this setting? This short booklet is intended to help us think about how our Christian faith can guide us as we grapple with these questions.

A budget reflects how we value the common good of all the people in our state as well as our natural environment. As Christians, we measure the state budget against the scripture's testimony about God's will for all of creation.

God's call to us as citizens of a democracy is to tell our elected officials where Wisconsin's heart is – and where its treasure should be.

- Eliminates FoodShare benefits to lawfully present immigrants who are otherwise eligible but have been in the U.S. less than 5 years. The benefits would cost \$800,000 over the next two years. In 2010 an average of 1,682 persons received the benefit each month.
- Reduces payments for W-2 placements by \$20 per month, "to further encourage W-2 recipients that the goal of W-2 is for participants to secure unsubsidized employment." These payments have been frozen since W-2 started in 1997, and have lost almost 28% of their purchasing power since then.
- Intentionally seeks to reduce the role of government and foster long term private sector job growth as the best way to increase Wisconsin family income over time.

Questions for reflection and discussion:

- ✓ **How will this budget impact the well-being of children and the elderly, the chronically ill, the disabled, immigrants and minorities, low-income persons, and the unemployed and under-employed? Is this consistent with your Christian values?**
- ✓ **Religious leaders from a wide spectrum of faith traditions in Minnesota have said: "We believe government is neither solely responsible for alleviating poverty, nor removed from this responsibility." Do you agree? Why or why not? What religious beliefs inform your views of the role of government in providing for those in need?**
- ✓ **If we want more people to support themselves by working, how do these changes affect a person's ability to get a job that will support a family?**

"...The resident aliens, the orphans, and the widows in your towns, may come and eat their fill so that the Lord your God may bless you in all the work that you undertake."

– Deuteronomy 14:29b

Compassion for Those in Need

A Faith Framework for Civil Conversations

God directs us to those on the margins – the poor, the vulnerable, and the strangers among us – to ensure that they are included in the common good.

"Then they also will answer, 'Lord, when was it that we saw you hungry or thirsty or a stranger or naked or sick or in prison, and did not take care of you?' Then he will answer them, 'Truly I tell you, just as you did not do it to one of the least of these, you did not do it to me.'"

– Matthew 25:44-45

The proposed Wisconsin FY 2011-13 budget:

- Cuts over \$1 Billion in combined state and matching federal funding from projected costs of continuing current Medicaid benefits. It does not say how BadgerCare, which serves 775,000 Wisconsinites, will be changed.
- Authorizes the Department of Children and Families to reduce eligibility for the childcare subsidy program (Wisconsin Shares), increase co-pays, begin waiting lists and decrease reimbursement rates.
- Diminishes education and job training opportunities for low wage workers by:
 - Restoring limits to the number of required work hours that people in the W-2 ("Welfare to Work") program can use for education (to 10-12 hours for education out of 40 required work hours).
 - Cutting state aid to technical colleges by 30% (\$71.6 million over 2 years), and reducing the ability of technical colleges to make up the loss through raising local revenue.

People of faith and good will can reasonably disagree about specifics of the state budget. The problem is that much of our political conversations are divisive.

The church can provide a safe place for civil conversations about these questions. We seek to follow the way of Jesus Christ – a way of integrity and truth-telling, humility and courage, compassion and respect for all, and faith in God's loving purpose for all creation. We are called to "... speak the truth in a spirit of love..." (Ephesians 4:15).

We invite you into real conversations – shaped by:

- Our core Christian values and faith
- Respect for others and civility
- Respect for facts
- A sincere search for common ground
- Understanding that the state budget matters to God's people and all God's creation here in Wisconsin

Having real conversations seeking common ground doesn't mean giving up our passionate convictions. Instead we can use them as tools in a shared quest for what is good and true.

In this booklet we offer resources for having those conversations. At the end you can find how to get more information about the budget if you wish.

"So then, putting away falsehood, let all of us speak the truth to our neighbors, for we are members of one another... Let no evil talk come out of your mouths, but only what is useful for building up as there is need, so that your words may give grace to those who hear."

– Ephesians 4:25, 29

A Budget Primer

Every two years the Governor presents to the Legislature a “biennial budget.” The Legislature is now reviewing Governor Walker’s proposal for the two year budget that will begin July 1, 2011. The biennial budget proposal is the focus of this budget discussion guide.

Earlier this year the Governor and Legislature took other actions to cut taxes for businesses and health savings accounts, and to increase what public employees must pay for their pensions and health insurance costs and to limit their collective bargaining rights. This already-enacted legislation (including the collective bargaining bill now subject to court review) is covered only incidentally in this discussion guide.

What does the state budget include? It approves taxes and spending from general taxes like income, corporate and sales taxes; segregated taxes like the gas tax; and all other fees, federal revenues, etc. General taxes can be used flexibly. Of the \$14 billion spent annually from state-only sources of general revenue:

- **About half is support for schools and local/county governments** – supporting public education, health and human services, law enforcement and courts and jails, emergency and other public safety and public health services, community development, parks, libraries and all the other things local governments do.
- **About a quarter is support for individuals, especially Medicaid for poor people.** Over 70% of Medicaid pays for health and long term care for the frail elderly and people with disabilities, including support for their most basic everyday needs. Medicaid also pays for health insurance for poor children and their families, prescription assistance for seniors, and other programs for poor people.
- **About a quarter is state services; the largest are the UW System & the Department of Corrections.**

- Requires low-income families to pay \$54 million more in taxes over the next two years. The proposed budget:
 - Increases taxes on 145,000 low-wage working families by \$41 million over two years by reducing the Earned Income Tax Credit. This credit is ‘refundable’ which means that people with little or no tax liability may receive it as a supplement to their low wages. This change would hit families with two children the hardest: for example, a single mother who has two children and is making the minimum wage would pay \$302 more per year in taxes.
 - Ends the adjustment for inflation on the Homestead Tax Credit, which will cost low-income households \$13.6 million over two years. The Homestead Credit provides a state tax credit to help about 250,000 low-income households, including both owners and renters, with the impact of local property taxes. One third of the credit recipients are 66 or older and 45 percent are over age 55. This change freezes current amounts, costing recipients about \$13 in the first year, \$42 in the next year, and more in future years.

Questions for reflection and discussion:

- ✓ **Does this budget fairly distribute responsibility for funding public programs and services?**
- ✓ **How should we decide how much different groups in society will each contribute to the state budget?**
- ✓ **Do you think tax cuts for companies and investors will create jobs that will make up for cuts to programs and tax credits for low-income persons? Why or why not?**

“Justice, and only justice, you shall pursue...”

– Deuteronomy 16:20a

Shared Responsibility and Justice for All

God has entrusted us with the stewardship of our communities' resources. We have benefited from the investments in transportation, education, research, public health, conservation, etc., made by those who have gone before. Now we, as citizens, are the trustees of these goods for present and future generations.

"From everyone to whom much has been given, much will be required; and from one to whom much has been entrusted, even more will be demanded."

– Luke 12:48

All sectors of society – individuals, businesses, churches, charities, etc. – benefit from these investments, and all share responsibility for promoting the common good and assisting those in need.

The proposed Wisconsin FY 2011-13 budget:

- Reduces taxes for corporations and investors by:
 - Creating an exclusion from the income tax for capital gains reinvested in Wisconsin businesses within 180 days, which would reduce state revenue by \$36 million over two years.
 - Making changes to combined reporting for corporations which would reduce revenue by \$46 million over two years. A law passed in 2009 requires any company doing business in Wisconsin and its subsidiaries to file taxes as one corporation, to prevent it from avoiding state taxes by placing its assets in an out-of-state subsidiary or by reporting group-wide losses but not profits.
 - Earlier legislation reduced taxes on corporations and the more affluent, which will reduce state revenue by an additional \$117 million over two years.

Why is There a State Budget Deficit?

- **Economic recession** affects state finances on both sides of the ledger: cash in, and cash out.
 - Lower revenues from income taxes, sales taxes, etc.
 - Higher expenses for medical assistance and other costs of helping more people in need.
- Wisconsin and many other states have had a **"structural deficit"** for a very long time
 - Past budgets built in higher spending requirements for the future without ongoing revenues in hand to pay for them.
 - This assumed economic growth would generate the revenues necessary to make up the difference, which only can happen during times of economic growth.
- Recent and proposed **tax cuts**. Tax cuts intended to stimulate business growth will increase the deficit in the short run, whether or not they work to grow the economy in the long run.
- **Deficits are not a partisan problem:** 44 out of 50 states are now projecting a budget deficit, because of the recession and past structural deficits that become more apparent during recessions. This is true whether Democrats or Republicans are or have been in control of state government.

Both Democrats and Republicans agree the state's revenues and expenses must be balanced. In Wisconsin it is constitutionally required. **Our challenge is to decide the best way to make the budget balance.**

The Common Good: Impacts on Local Communities

Central to the Jesus' teaching is the call to love our neighbors. God has created us to live in community, as interdependent persons. Each of us has individual responsibilities, yet none of us is completely self-sufficient.

Government is one form of this interdependence. It enables us, as a community, to work together to meet our needs and those of our neighbors in ways that we cannot do alone.

"For the whole law is summed up in a single commandment, 'You shall love your neighbor as yourself.'"

– Ephesians 4:25, 29

In the words of the U.S. Constitution, our government was founded "to form a more perfect Union, establish Justice, insure domestic Tranquility, provide for the common defense, promote the general Welfare, and secure the Blessings of Liberty to ourselves and our Posterity,"

Government budgets are the practical way in which we decide on what is important for our common good now and in the future: schools, government services, roads and other public structures and institutions that support our life in community.

The proposed Wisconsin FY 2011-13 budget:

- Cuts funding for aid to counties, cities, villages and towns in 2012 by \$96 million (11.6%) compared to 2011 (there will be no further reduction in 2013). Other local aid types are also cut.
- Increases funding for economic development incentives, tourism promotion, & highways. Along with business tax cuts & cuts in environmental regulations, the stated intent is to promote a strong business sector in Wisconsin.
- Reduces general school aid by 8.4% (\$390.5 million) in FY 2012

and 7.7% (\$358.8 million) in FY 2013, compared to FY 2011. School districts where at least half the students qualify for free or reduced-price lunch will lose 10% (1.9 million each year) in high poverty aid. School districts will not be able to make up these cuts by increased local revenue because of stricter limits on raising property taxes. According to the Governor, increases in required employee contributions to fringe benefit costs will help counteract cuts.

- Reduces mass transit funding by \$12 million over the 2-year budget, while increasing general tax support for roads by \$106 million.
- Eliminates \$64 million in financial assistance for local recycling programs over two years. It repeals the requirement that local governments operate such a program, but recyclables are still banned from landfills.

Questions for reflection and discussion:

- ✓ **As a Christian, what do you think are the most appropriate and important ways that government can serve the common good?**
- ✓ **If we want to ensure that our communities will flourish in the future, supported by a sound economy, a healthy environment, and productive and capable people, will these budget changes help? Why or why not?**
- ✓ **Are there particular changes in the budget that are of greatest concern to you as a Christian? Why? What more do you want to know about them? How can you act on your concerns?**

"But seek the welfare of the city where I have sent you into exile, and pray to the Lord on its behalf, for in its welfare you will find your welfare."

– Jeremiah 29:7