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Embargoed until the Governor starts speaking

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## **Governor Walker's Budget Address**

**Madison**—Below is the text of Governor Walker's budget address as prepared:

*Speaker Fitzgerald, Speaker Pro Tem Kramer, President Ellis, Majority Leader Fitzgerald, Minority Leader Barca, Supreme Court Justices, Constitutional Officers, tribal leaders, members of the Cabinet, distinguished guests, members of the Legislature, and most importantly, fellow citizens of Wisconsin.*

*Each and every one of us gathered in the chamber today hold a diverse set of beliefs – beliefs that we are passionate about sharing - and that serve to guide our actions. Each of us has a vision for a better tomorrow in Wisconsin.*

*But we all share something in common -- an unrivaled passion for this state and the people who call it home. We all want Wisconsin to be the very best that it can be. Yet, -- because our experiences are unique and our beliefs diverse -- our paths may diverge as we tackle today's challenges. But even at the height of our differences, we can and must keep our promise to people of Wisconsin that they will always come first.*

*Democracy does not just expect differences, it demands them. It's the manner in which we discuss and resolve those differences that leads to bold solutions and innovative reforms. I ask that we continue to be mindful of our differences – as well our similarities – in the coming days, weeks and months. Above all, let us not lose sight of the fact that we were each elected to represent the people of this state by participating in our democratic process.*

*I applaud the State Assembly and those in the State Senate who are here today for not losing sight of that.*

*Over the past few weeks, a great deal of attention has been focused on Wisconsin. That's ok because freedom thrives each time there is a passionate debate in our society. Passion and civility can go hand-in-hand and that's what's on display here in Wisconsin.*

*But outside observers need to know that there is more to this state as well. Wisconsin is filled with outstanding workers and multi-generational employers. We have tremendous resources and amazing attractions. Most importantly, we have decent people in this state.*

*The good people of this state come from all walks of life – young and old, urban and rural, Democrat and Republican.*

*Recently, I learned of yet another story that affirms that sense of decency.*

*Some of our state employees at the Farm Center spent time with two brothers who jointly operate a dairy farm that was – literally - on the verge of financial collapse. One of the brothers was so stressed that he was considering some horrible options.*

*The Farm Center staff calmly walked the brothers through a variety options and got them through their immediate crisis. That day, our public employees not only helped someone's life, they may have actually helped save someone's life.*

*This story says a lot about the people of Wisconsin.*

*It certainly reinforces the financial strain that so many are experiencing across the state. Without a doubt, it shows the compassion of our people toward their fellow citizens. And it shows the professionalism of our public employees who really care about the people that they serve.*

*This is why we need to move this process forward and get this state working again.*

*I have been asked a lot over the past week about what happens next. Well, I'm an optimist. I believe that after our budget repair bill passes, tempers will cool, and we will find a way to continue to work together to help grow our economy. We will position Wisconsin to emerge from this economic downturn stronger than ever, with new opportunities for our workers and our families.*

*You see, for six weeks we worked together to pass bill after bill to show that Wisconsin is open for business. Most of our legislation received bipartisan support. It is my belief that we will soon get back to that type of cooperation in the Capitol.*

*We introduced a budget repair bill that is the first step toward addressing the long-term challenges facing our state - while laying the foundation for economic growth. The biennial budget I introduce today is built on the savings supplied by our budget repair bill – legislation, I might add, that we have already modified to address concerns expressed at the public hearing.*

*We need the savings in the budget repair bill because Wisconsin faces a \$3.6 billion deficit. Too many politicians have failed to tell the truth about our financial crisis. They left Wisconsinites in the dark about the extent of our fiscal problems. The facts are clear: Wisconsin is broke and it's time to start paying our bills today – so our kids are not stuck with even bigger bills tomorrow.*

*This deficit did not appear overnight. Wisconsin got here through a reliance on one-time fixes, accounting gimmicks and tax increases. Previous governors and legislatures from both parties took money from our tobacco settlement. They raided more than a billion dollars from the transportation fund and \$200 million from the patients' compensation fund. They increased taxes on the sick and set up shell games to draw down additional federal funds.*

*They relied on one-time federal stimulus dollars as if the money would be there forever – but it's already gone.*

*Wisconsin owes Minnesota nearly \$60 million and some \$200 million to the patient's compensation fund. In short, they governed for the short-term, with an eye only on the next election – not the next generation.*

*While families across this state were focused on making ends meet, the state government continued to grow well beyond our taxpayers' ability to pay. But the time has come for us to make the tough choices necessary to put our state back on the path to prosperity.*

*We must work together to bring our spending in line with reality. We were elected --not to make the easy decisions to benefit ourselves -- but to make the difficult ones that will benefit our children and grandchildren.*

*We need a commitment to the future so our children don't face even more dire consequences than what we face today. Together, we will change the way government works in Wisconsin. We will make it work for the people once again.*

*I have often repeated references to our state's constitutional lesson, that it is only through frugality and moderation in government that we will see freedom and prosperity for our people.*

*Our budget holds true to these principles by balancing the \$3.6 billion deficit through permanent spending reductions and innovative government reforms.*

*Specifically, our budget reduces all funds spending by \$4.2 billion, or 6.7 percent, and decreases the structural deficit by 90 percent from \$2.5 billion to \$250 million – the lowest structural deficit in recent history. That's over \$2 billion we are saving from future obligations and for future generations.*

*That's worth repeating. Our budget reduces the structural deficit by 90 percent. In fact, it is lower than the last eight budgets presented by democrats and republicans alike.*

*Gone are the segregated fund raids, illegal transfers, and accounting gimmicks. Gone are the tax or fee increases. Our state cannot grow if our people are weighed down paying for a larger and larger government. A government that pays its workers unsustainable benefits that are out of line with the private sector. We need a leaner and cleaner state government.*

*As we decrease spending, we also increase flexibility so local government and state government have the tools to deal with reduced revenue. It's true we are reducing aid to local government by just over one and a quarter billion dollars, but we are providing almost \$1.5 billion in savings through our budget repair bill. If the 14 Senate democrats do not come home, their local communities will be forced to manage these reductions in aid without the benefit of the tools provided in the repair bill. On the other hand, if the Senate democrats do come home, local units of government overall will actually see a net increase in revenue plus savings of more than \$150 million.*

*Let me repeat that despite the reductions in our budget, local governments would gain \$150 million overall in the next biennium – but only if the Senate is allowed to act.*

*While aid to local government represents the state's largest expenditure, the state's Medicaid program represents the area of fastest growth. Medicaid costs continue to outstrip growth in general fund revenues. Long-term care expenditures, in particular, are growing much faster than other areas of the budget. Coupled with the use of \$1.2 billion in one-time federal funding – the state is facing an unsustainable budget challenge. A challenge in need of a serious and long-term solution.*

*While maintaining services for our most vulnerable, we must also refocus those services and find efficiencies where possible. That will mean asking some individuals to pay modest co-pays and premiums as they transition from the safety net that these programs provide to gainful employment. This will allow those individuals to begin to transition to a time in the future when they will no longer need government support, while protecting those who need these services the most.*

*Just as we reform our entitlement programs for the 21st century, we must also reform our education system. Clearly, we have to produce graduates who are able to compete - not only with their peers from Chicago or Des Moines - but also from Shanghai or Sydney.*

*And we must do so while we balance a \$3.6 billion deficit. That is why -- even as we reduce school aids – overall we give schools across the state the tools to make up for those reductions with even greater savings through the budget repair bill.*

*Again, this is why it is so vitally important for the Senate democrats to come back and do their jobs. If they do not, our schools face massive layoffs of teachers. However, if they do come back, overall savings*

*for schools across the state will outweigh reductions, ultimately allowing schools to put more money in the classroom.*

*When I campaigned for Governor, I set as a goal that all Wisconsin third graders should be able to read at the 3rd grade level. Many have noted that from Kindergarten to 3rd grade -- our kids learn to read -- and then from 3rd grade on, they use reading to learn. We need to make sure every child can read as they move on from 3rd grade.*

*That's why my budget creates a third grade reading initiative that will require all third graders to achieve basic literacy. I know we can do this and we owe it to our students to make sure we do.*

*In addition, we will expand choice and charter programs to insure that every kid gets a great education – no matter what zip code they live in. We lift the cap on the number of students eligible to participate in the Milwaukee parental choice program and phase out the income eligibility limits. And across the state, we allow any University of Wisconsin system four-year campus to create a charter school.*

*Competing globally also means enhancing higher education. To do this we will give our flagship, the University of Wisconsin-Madison, the tools it needs to remain a world leader in research and instruction - while continuing to be a driver of economic development for our state. This is a decision that we discussed at length with Chancellor Biddy Martin and the leadership at UW. For the past several years, she and other UW leaders have pushed for greater flexibility. Now they will have it and soon the University of Wisconsin – Milwaukee will as well.*

*Throughout the budget process I am open to working with lawmakers from both political parties on expanding this concept to the other campuses throughout the University of Wisconsin system. A few weeks ago, I met with all of the UW chancellors and expressed my willingness to work with them and the members of the Legislature to improve our higher education system.*

*We also remain committed to keeping our university system accessible to every Wisconsin student, regardless of financial resources. That's why – even in these tough fiscal times - we maintain our commitment to the state's financial aid program. Plus, we maintain the state's tuition reimbursement for our veterans.*

*As we refocus government, public safety remains a priority. Our budget will restore truth in sentencing by repealing the early release program approved by the last administration.*

*We will provide additional resources and positions in our DNA lab to assist our criminal investigations. And we will make sure that our children -- those that are dearest to us -- are protected from those who would do them harm. We provide additional resources to investigate on-line predators targeting our children. The state currently has over twenty thousand IP addresses of people who prey on our children, but we didn't have the resources to track those criminals down. Now we will.*

*We are proud of the leadership being provided in this area by our Attorney General J.B. Van Hollen and I am thankful that even with a tough budget, we can find resources to protect our kids.*

*This is a reform budget. It is about getting Wisconsin working again -- and to make that happen, we need a balanced budget that works -- and an environment where the private sector can create 250,000 jobs over the next four years.*

*During our special session on jobs, we created a public-private agency, the Wisconsin Economic Development Corporation that will focus solely on job creation. Our budget includes the resources and the organization to get the WEDC working to stimulate our economy.*

*Working hand in hand with our new public-private efforts at the state level, are seven regional economic development efforts around the state. In this budget, these regional economic drivers continue to receive financial support as they collaborate to get their regions and our state growing again.*

*Our budget also recognizes the important role that transportation plays in economic development. In order to grow, we need to move goods and people in a cost-effective and timely manner. That is why our budget ends the raids on the transportation fund, and includes a total investment of \$5.7 billion in our state's transportation system.*

*That's money that will create jobs - now - and in the future. Included in our budget is funding for the accelerated reconstruction of the Zoo interchange (which actually saves us \$600 million from the original plans) and additional funding to continue construction of the I-94 corridor. It also includes major investments in our transportation system all across the State of Wisconsin.*

*We will also encourage job growth as I fulfill a campaign promise to lower taxes on those who invest in Wisconsin-based businesses and do so for an extended period of time. We will do this by eliminating the capital gains tax for investors in Wisconsin companies that provide jobs for our people. And we include tax relief for employers who hire more people to work in our state.*

*In this budget, we provide real tax relief for homeowners across the state by implementing property tax reform that locks in property tax levies at the local level. Time and time again, I've heard from Wisconsinites who are doing more with less and making sacrifices to keep their families going. Good people like the retired couple on a fixed income or the new parents paying for daycare and the mortgage on their first house or the middle-class working family where mom and dad still have jobs, but keeping them meant taking a pay freeze. All of them, and others like them across Wisconsin, need true property tax relief and this budget delivers.*

*I campaigned on creating an environment where the private sector can create 250,000 jobs over the next four years. Our budget lays that foundation, by freeing taxpayers to create jobs in the private sector, by limiting the size and scope of government, and by focusing our government on meeting core priorities. Where we must make reductions, we do so wisely, by giving local governments the tools to save even more money than overall reductions in state aid.*

*As I have said before, our constitution says, "the blessings of a free government can only be maintained by a firm adherence to justice, moderation, temperance, frugality and virtue."*

*This is the heart of our budget. We are returning to frugality and are making the long term decisions to balance our budget now -- and more importantly, into the future. We will do the heavy lifting to protect our children and grandchildren from having to make the hard decisions that were once avoided.*

*I know that things will get better.*

*Back in the 1980s -- when I was growing up in the small town of Delavan -- we faced similar circumstances in our state. A tough economy and a tight budget were the top issues 25 years ago.*

*Tommy Thompson brought into office bold new ideas and strong leadership. At the time, defenders of the status quo took offense. But by the end of his first term, those reforms helped balance the budget and those policies helped the private sector create 258,000 new jobs. I remember Governor Thompsons' optimism and the excitement he created when we turned our state around back then. If we did it a generation ago, we can do it again today.*

*This budget is about our commitment to the future. Like every parent and grandparent in this state, I want my two sons to grow up in a Wisconsin (at least) as great as the Wisconsin I grew up in. Working together, I know we can do it.*

*Thank you. May God richly bless you and your family. And may God continue to bless the great State of Wisconsin.*

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